

SEPTEMBER, 1957

Credit and

FINANCIAL MANAGEMENT

**2 Share Honors in
Forecasting Production
and Wholesale Indexes**

**New Credit Servicing
in Construction Field**

**Punched Card System
in Credit, Accounting
Depends on Functions**

**Net Working Capital
Source: Fixed Assets**



"In Conference"

(See Page

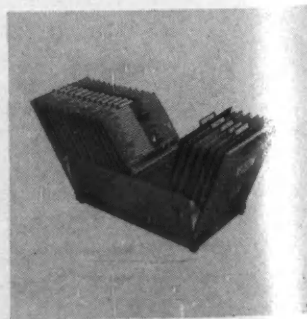
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In the News

EDWARD F. GEE, vice president and secretary of State-Planters Bank of Commerce and Trusts, Richmond, Va., and past national president of Robert Morris Associates, has been elected a member of the American Institute of Certified Public Accountants.

JOHN VAN GORKOM, credit manager, Industrial Machine & Tool Company, Des Moines, Iowa, is president of the Kiwanis Club of Des Moines.

GAYLORD A. FREEMAN, JR., vice president, The First National Bank of Chicago (Ill.) has been appointed consultant to the secretary of the Treasury for a six-month period.

CHARLES J. LYON, president and treasurer, Society for Savings, Hartford, Conn., has been elected president of the National Association of Mutual Savings Banks.

E. H. EATON, treasurer and comptroller, Pittsburgh Forgings Company, Pittsburgh, Pa., has been elected a director and regional vice president of the Controllers Institute of America.

C. P. ROONEY is the new president of the Pittsburgh Executives Institute. Mr. Rooney is treasurer of Mine Appliance Company.

RICHARD H. RICH, president of Rich's, Inc., Atlanta, Georgia, is the newly elected president of the National Retail Dry Goods Association.

MARION B. FOLSOM, U. S. secretary of health, education and welfare, and former treasurer, Eastman Kodak Company, Rochester, N. Y., has received the 1957 Rochester Rotary award for "outstanding contributions to his community and to his country."

Miss HAZEL McELHENY, Townsend Company, New Brighton, Pa., has been elected president of Beaver Valley Business & Professional Women's Club.

BERNARD BENKOVITZ, vice president, Live Fish Co., Pittsburgh, has been elected a director of the National Fisheries Institute.

SEE AT A GLANCE

WHAT IT WOULD COST TO REPLACE ANY HOME* TODAY!

This authoritative Estimating Chart* shows how replacement costs have gone up in the past 20 years—on any house that originally cost from \$8,000 to \$50,000. It reveals, for example, that a \$10,000 house built in 1946 would cost \$15,200 to replace today... that a \$20,000 house built in 1940 would cost \$52,000 to rebuild today.

While this Estimating Chart was designed to help our agents show homeowners the importance of insuring to full value—we feel that its pocket-size convenience might have some value to you.

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*Based on figures supplied by F. W. Dodge Corporation, nationally known source of construction information, for homes built since 1937 originally costing between \$8,000 and \$50,000.

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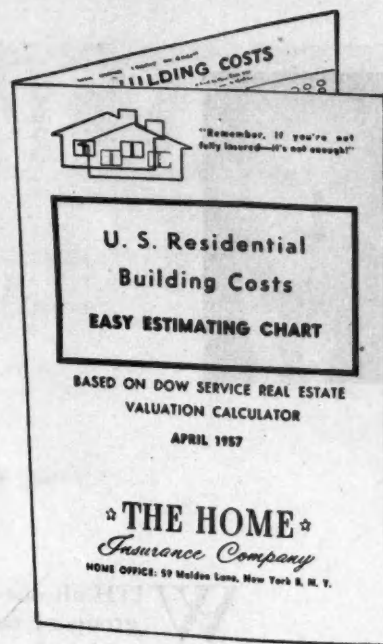
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EDITORIAL

Henry H. Heimann
Executive Vice-President

The Sick at Heart

WITH all our glorified prosperity, whether real or synthetic, there is one group of our people unjustly burdened with care and worry. Making ends meet to maintain a decent standard of living becomes such a struggle that it saps their fighting qualities.

Many a thrifty couple through years of saving for old age assumed that after having provided for a rainy day they would be comfortable on retirement and would be protected in their sunset and more leisurely years. Now they are distressingly upset over their outlook.

They face the stern and relentless fact that they have been cheated. The saddest part of this disillusionment is the realization that they have been deprived of much of their hard earned savings by their own government, a government they loved and still love, a government they served faithfully and well but a government that apparently has lost interest in their welfare.

Through years of industry and sacrifice, of denial and thrift, they managed to accumulate a limited storehouse of value in savings, insurance, bonds and promises to pay. Their savings, though modest, they nevertheless believed would give them every assurance of independence in their later years. Now they find their savings are inadequate.

They see their security values being taxed away and confiscated by a constant reduction in the value of their hard earned dollar. They find they can hardly "get by" on an income they assumed would comfortably feed, clothe and shelter them in their advanced years. They lack the aggressiveness of youth to vigorously protest. They are unorganized and cannot act concertedly at the polls to take the power of the law away from those who abuse it to their discomfort.

It is a pitiful experience to listen to their pleas for some kind of work, most any kind, to help them supplement their declining dollar values so that they might live more comfortably. They note, too, that the social security they bought with taxes is despite increased dollars actually buying less of their necessities than they had assumed it would buy.

We can debate inflation ad infinitum in a technical sense and seek to justify heavy government expenses on the ground that the world is in such a troubled state. But we cannot *justify* inflation. We cannot boast of a great country if we penalize the thrifty and squander goods at home and abroad.

Inflation is not only the cancer of a sound economy; it is a mortal sin against the laws of decency and the laws of God. Atonement is overdue. Our government must cease practices that confiscate savings. We must be honest with those who have served faithfully and well. How else can the nation be expected to survive?

Now that the schools have resumed let us hope a sincere effort will be made to teach our children the tragedies of inflation. We don't want them to suffer from a cancerous inflationary economy.

THE SEPTEMBER COVER

IN conference? If so, here's visual evidence that when two financial management executives get together, the conversation is not necessarily freighted with solemn discussion of inflation, slow-pay, taxes, compromise settlements yes or no. Chances are that one has just completed telling how a marginal account has proved that the help given him was worthwhile. Then again, summer being what it is, they may be swapping fish stories.

Here are Stephen F. Sayer (left),



vice president, First Pennsylvania Banking & Trust Co., Philadelphia, and James N. Jones, treasurer, Decatur & Hopkins Co., Boston.

Mr. Sayer, graduate in law, Rutgers University, has been with First Pennsylvania since 1944. His duties as vice president, commercial division, entail considerable travel, with accounts and correspondent banks throughout the Middlewest.

He is serving his second year as a director of the National Association of Credit Men.

James N. Jones was graduated from Bowdoin College and studied accounting at Boston University. With Decatur & Hopkins since 1926, first as a salesman, he transferred to the credit department in 1931. Two years later he became clerk of the corporation and board member. In 1938 he was elected treasurer.

Mr. Jones is immediate past director NACM.

Besides financial management, Mr. Jones and Mr. Sayer have something else in common. Both are grandfathers.

FINANCIAL MANAGEMENT

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Men

VOLUME 59

NUMBER 9

IN THIS ISSUE

| | Page |
|--|------|
| In the News | 3 |
| The Sick at Heart— <i>Editorial by Henry H. Heimann</i> | 4 |
| Washington | 6 |
| Punched Card Systems in Credit Department and Accounting Operations— <i>Panel Discussion</i> | 8 |
| Production and Wholesale Index Forecast Honors Won by 22 | 12 |
| Making and Using the Financial Forecast Is Essential to Sound Business Operation | 14 |
| New Credit Service Needed for Construction Field: Complete Data on Financial Condition of Contractors and Subcontractors | 18 |
| Credit Management's Dual Function: Stewardship and Aid to Sales Management at Work | 20 |
| On the Personal Side | 24 |
| Modernizing the Office | 26 |
| Constant Information Tape Speeds Processing, Servicing; Strengthens Control | 28 |
| Fixed Assets a Source of More Working Capital | 30 |
| Book Reviews—Efficiency Tips—Keeping Informed | 31 |
| Legal Rulings and Opinions | 33 |
| 26 Receive Executive Award at Stanford University | 34 |
| Calendar of Coming Events | 40 |
| Executives in the News | 42 |

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Washington

❑ THE HOUSING ACT of 1957, H.R. 6659, was signed into law by the President as Public Law 104. It gives the Administration authority to lower FHA down-payments to 3 per cent of the first \$10,000 of appraised value, plus 15 per cent of the value between \$10,000 and \$16,000, plus 30 per cent of the value above \$16,000. It also provides more funds for the Federal National Mortgage Association (Fannie May) to continue its mortgage support program—\$650 millions for regular mortgages and \$500 millions for special mortgages such as those on military and cooperative housing. The Act also provides for control of FHA and VA discounts.

❑ A DROP, though slight, in manufacturing profits for the first quarter, in comparison with the last quarter of 1956, was reported by the Federal Trade Commission and the Securities and Exchange Commission. Total dollar prices, however, were tops for any first quarter on record. Net operating profits of all manufacturing corporations for the 1957 quarter were \$7.6 billions but net profits after taxes were \$4.1 billions, against after-tax profit of \$4.3 billions for the final 1956 period.

Manufacturers' sales fell from the \$81.1 billions of the final '56 quarter to \$79.6 billions.

Book value of inventories was on the way up, said the Department of Commerce, a large reason for the higher total resting in the increased cost of inventory replacements. The \$90 billion total for manufacturers and other trade groups as of May 31st was \$4 billions above a year ago.

❑ THE SMALLEST crop output in general since 1951 was called likely by the Department of Agriculture, which said the excessive spring rains, plus floods in some areas, made doubtful a matching of last year's record acre-yields.

Accumulations of most crops from previous years assure ample supplies, however.

The department at midyear predicted a corn crop of 3,011,912,000 bushels. The first forecast of the year had placed the forthcoming crop at 439,380,000 fewer bushels than last year's total 3,451,292,000.

The wheat crop estimate of July—940,093,000 bushels—was 30,440,000 bushels less than the June estimate of a total 970,533,000. Last year's production was 997,207,000 bushels.

That surpluses will be reduced is apparent,

said True D. Morse, undersecretary of agriculture.

The reported total of 14,224,000 acres of upland cotton in cultivation July 1st represented a decrease of 15 per cent from a year earlier. This would mean a yield approximating 11,380,000 bales, according to unofficial forecast based on average acre production of the last two years.

Growing is under government programs of planting allotments, marketing quotas, and the soil bank plan offering payment to farmers for underplanting.

The Department of Agriculture report said excessive rains had delayed planting, and forced replanting, in all areas except the Far West, but that farmers in general had carried out their planting plans except in Arkansas and Oklahoma.

❑ TIGHTENED RULES on transactions with foreign nations may bring "drastic reduction" in barter of surplus American farm products, but direct sales for dollars should offset such declines, with the result that farm export totals will continue high, members of a Senate agriculture subcommittee were told by officials of the Department of Agriculture.

Revised rules of the department's Commodity Credit Corporation require that barter deals shall not substitute for regular sales for cash.

Walter C. Berger, administrator of the department's Commodity Stabilization Service, predicted that barter deals, which have totaled almost \$1 billion since 1954, may drop 15 to 25 per cent.

❑ THAT the public debt had been reduced \$2,190,393,278 by the end of the bookkeeping year and a surplus of \$1.645 billions achieved in the fiscal year ended June 30th were highlights of a joint report by the Treasury Department and the Budget Bureau.

Federal receipts were \$70.989 billions, expenditures \$69.344 billions. Expenditures were \$444 millions higher than the January estimate. The public debt stood at \$270,634,309,846.

❑ CONSUMERS are in general optimistic and expect to spend approximately the same amount on major items in '57 as last year, the Federal Reserve Board deduces from its annual survey of consumer finances.

¶ THE HOUSE wrote finis to the school construction bill for this session by a 208 to 203 vote, after approving an amendment that would have barred aid to segregated schools. The bill, if it had become a law, would have provided Federal grants up to \$1.5 billions the next five years to help states build schools; Federal purchase of up to \$750 millions of local school bonds; and \$150 millions in Federal advances toward the basic reserve funds of school financing agencies of states.

¶ WITH authorization of 106 credits adding up to \$938 millions in the second half of last year, the Export-Import Bank reported net profit of \$30.2 millions for the period, total reserves and undivided profits at \$435.1 millions.

¶ WITH gold purchases \$523 millions last year, sales \$242.8 millions, the net inflow was \$280.2 millions, according to the treasury department.

¶ BUSINESS, says the Government, expects to put out a record \$37.4 billions this year for new plants and equipment, 6½ per cent over last year's high of \$35.1 billions.

OFFICIAL TEXTS — of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25, D.C.

¶ A PLAN presented by the United Kingdom for splitting up the American woolen fabric import market with specific allotments among export nations was frowned upon by the state department as fraught with more disadvantages than benefits.

¶ REDUCTION of the selling price of atomic reactor fuel to foreign nations is part of a six-point program of the Atomic Energy Commission to speed development of peaceful uses of nuclear energy worldwide.

Other proposals: Extension of cooperative agreements beyond the current 10-year terms; setting prices for plutonium and uranium 233 at which the United States will buy all the materials produced in foreign reactors up to June 30, 1963; trading American U-235 for foreign source material such as uranium ores or concentrates.

¶ LIMITATION of fast tax write-off to facilities for production of special types of military equipment is provided in a bill offered by Harry F. Byrd (Dem., Va.), chairman of the Senate finance committee.

¶ ESTIMATED at \$4.9 billions was the net total of U.S. Government grants or loans to foreign countries last year, after repayments of \$500 millions of principal. The net amount was 8 per cent above the \$4.5 billions the previous year.

¶ STOCKS of dairy products owned by the Government were down to 215.2 million pounds at the March 31st close of the 1956-57 marketing year, from the 274.7 million pounds at the season's start.

¶ WITH the accent on credit and interest rates, a year's study of the financial status of the United States is to be made by the Senate finance committee, taking in investigation of the heavy taxes and the mushrooming of Government as well as the high interest rates and so-called short-ages of credit.

¶ WHEN Secretary Benson cut wheat price supports on next year's crop to \$1.78 a bushel, the lowest in 12 years and 22 cents under this year's prop, he ran into protests from legislators of the Midwest, but the reduction was expected to stand. Limitation of production to 55 million acres under stated marketing quotas was a part of the secretary's action. This move was in line with previous reductions in support of cotton, feed grains and oil seeds.

¶ FINAL SETTLEMENT of the issue whether title to oil-rich submerged lands in the Gulf of Mexico belongs to state or Federal Government will be delayed at least until fall as a result of a U.S. Supreme Court ruling that Alabama, Florida, Mississippi and Texas, in addition to Louisiana, shall be brought into the case. Royalty on oil and mineral deposits is at stake.

The Federal Government had asked the Supreme Court to declare Louisiana's boundary at the three-mile limit. Louisiana argued that its boundary has extended into the Gulf as much as 40 miles since the state was admitted to the Union, and earlier.

¶ TESTIFYING before a Senate banking subcommittee, Laurence B. Roddins, assistant secretary of the Treasury, came out against proposed legislation that would lower interest rates on Small Business Administration loans, increase the loan limit, inaugurate Federal insurance for its loans and establish investment companies under Federal charter to provide long-term capital for small companies.

¶ OUT THE WINDOW went any hopes of relaxation of the tax on prepaid income and most reserves for future expenses, when the House ways and means committee decided against any action in these areas this year in a pending technical tax bill, directed at closing loopholes and removing some inequities. The committee did vote tentatively to allow company reserves for future vacation pay expense but its fate was dubious.



Punched Card System

Tailor Procedures to Company's Needs, Panelists Agree

PUNCHED CARD accounting is a vast project, and as in the case of any other system must be evaluated in terms of the requirements of the function for which it is to be used, said Ellis C. Wheeler, moderator of the panel on "Punched Card Systems in Credit Department and Accounting Operations," presented at the 61st Credit Congress, National Association of Credit Men, at Miami Beach.



E. C. WHEELER

"Procedures must be tailored to the circumstances and the needs of an individual company; probably no two companies will use exactly the same system," explained Mr. Wheeler, who is treasurer of Salt Lake Hardware Company, Salt Lake City.

Mr. Wheeler said the Credit Research Department's recently released booklet, "Punched Card Accounting and the Credit Department," will "save six months of spadework for anyone charged with the responsibility of investigating and evaluating the feasibility of a punched card system" for his company's credit operation.

The panelists at Miami Beach were J. W. Sattazahn, credit manager, Scott Paper Company, Chester, Pa.; Fred J. Hertel, assistant treasurer, Elgin National Watch Company, Elgin, Ill.; Robert Melrose, treasurer, Associated Grocers of Florida, Inc., Miami, Fla.; and R. Lynn Galloway, assistant controller, Eastman Kodak Company, Rochester, N.Y.

Following are condensations of the four presentations.

Fewer Personnel, Train Easier; Collections Faster, Costs Lower



J. W. SATTAZAHN

Credit Manager
Scott Paper Company
Chester, Pa.

THE Scott Paper Company has used punched card accounting for 30 years for general ledger. Not until 1945 did we put invoice writing into the IBM department; at that time it was a natural step to look at IBM for accounts receivable. We discounted the idea in 1946 because we couldn't come up with a satisfactory substitute for ledger cards.

In 1950 we took another long look at punched card accounting of accounts receivable and decided to go into that system. (You punch a tabulating card for each invoice, file in alphabetical or geographical order. When invoice is paid, you pull out; then what is left is the accounts receivable.)

We use transfer posted ledger cards obtained by spirit duplicating machine, which gives the same type of ledger card we had under the old bookkeeping system.

We decided upon the punched card system mainly because it is maintained at lower expense. Fewer personnel were required and training was easier. Trial balances were automatic, collections faster, and we now have a ready

(Concluded on page 10)

Can Operate at Top Efficiency Some Disadvantages Are Cited



FRED J. HERTEL

Assistant Treasurer
Elgin National Watch Company
Elgin, Ill.

WHEN our company changed its distribution from 90 wholesalers to approximately 20,000 retailers in 1946, plans were already in process for invoice billing on IBM electronic equipment. The bookkeeping department, with outdated, hand-operated posting machines, could not keep pace with increased volume ranging up to 250,000 postings a year. In 1953 our controller began discussion of the possibility of punched cards for our accounts receivable. Promise was made that with the new system our monthly statements would be mailed within 48 hours after closing date.

In our industry the monthly statement is a very important credit and collection tool. Our three major lines of credit are (a) 2% 15 EOM net 45 days later, which could run to 90 days on a net basis; (b) six monthly notes starting the fourth month after shipment; and (c) six months seasonal dating. For example, watches shipped in July are payable 2% the following January, and beginning in April this year we made deliveries of ladies' watches on 2% January 15th.

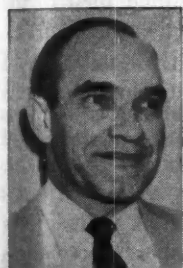
(Concluded on page 36)

Depends Upon Function



Moderator Ellis C. Wheeler introducing panelists on Punched Card Systems in Credit Department and Accounting Operations

Establish Low Cost of 1.67% For the Warehouse Functions



ROBERT MELROSE
Treasurer
Associated Grocers of Florida, Inc.
Miami, Fla.

WE are a cooperative warehouse, owned by over 200 independent grocery stores in South Florida, Cuba and various Caribbean islands. Our sole mission is to buy, warehouse, and deliver groceries to the independent retailer at the lowest possible cost, to enable him to compete with the chains. We also without charge furnish advertising, merchandising, engineering, and financial assistance to members.

We average a markup of 2.65% over cost. Out of this we pay all warehouse and delivery expenses, and at the end of the year have approximately \$100,000 to give back to the members in patronage rebates, representing approximately 1% of volume. To maintain this operating structure it is most necessary to keep all operating costs under close control.

We give a great deal of credit to our Remington Rand tabulating department for their part in maintaining this low cost of operation. For instance, last year we established for our member retailers a new low cost of 1.67% for overall warehouse department functions. We purchased the Remington Rand equipment rather than leasing on a rental basis.

For inventory control we use as a "receiver" a blind copy of our purchase order, which carries a 4-digit commodity code number for each item. This forces the receiving department to fill in the quantity of each item received. The "receiver" then goes to our buying department for last-minute price changes, then to the tab room,

(Continued on page 10)

Reduces Total Routine Process; Relieves Peak Load Pressures



R. LYNN GALLOWAY
Assistant Controller
Eastman Kodak Company
Rochester, N. Y.

THE Eastman Kodak Company started using tabulating equipment in 1910. I was not there when the first system was installed. Since then, through the application of sales analysis, payroll and machine accounting, we have increased the use of it to accounts receivable. On two previous occasions we had found such application too expensive compared to our then machine posting system of accounts receivable. After further investigation, primarily because we have our billing system on posting cards, we were able to justify the accounts receivable installation, and its introduction and transition from machine posting is in process now. We expect to have it completed by the end of the year.

There are several reasons for the change despite the expense.

The first was that we found it necessary to integrate more closely our accounts receivable with the order and billing process. The more pressing reason was that it appeared to be the best intermediate step to getting receivables on magnetic tape with electronic data processing.

Three problems we find it necessary to solve. From what I have been told by others in the business I think these are basic to any installation.

The first is the application of remittances. You will find almost as many systems as users of the equipment, but you will need to answer the questions for yourself. It will depend to some extent upon location of equip-

ment, the lines of credit you have, the kind of personnel working with the equipment, and the amount of internal control you want to exercise, as well as the collection effort involved.

The second is the credit history card, which many say is required in credit work. We have developed a credit history card which we intend to rely upon in lieu of the credit posting card.

The third problem is the training of personnel. You will find a considerable amount of effort necessary to prepare the manuals of procedure and to teach the personnel the changes to which they will have to adjust themselves.

Conclusions Reached

Based upon our investigation and experience to date, we have reached these few conclusions. We don't expect to save money as far as accounts receivable installation is concerned. It will probably cost more than the existing bookkeeping system. However, there are advantages incidental to the system in connection with getting to the electronic data processing.

This system reduces the amount of routine process which we found a problem because it was so difficult to get and maintain satisfactory personnel to perform that work. It relieves other personnel from the pressure of peak loads we have in our system, including mid-month loads due to cash discounts. Our system includes statements at the end of the month. The system will also help us to absorb more easily an increase in volume and fluctuation in volume from one month to another. We expect to get more information about our accounts, and that is becoming more necessary because we are using credit more for merchandising purposes than in the past.

The third conclusion is one already mentioned: had we had available to us the information now available, The Credit Research Foundation's study of Punched Card Accounting and the Credit Department, we could have saved a considerable amount of time and effort. The articles touch the points we are trying to touch; the companies were doing it the same time we were and we were not able to take advantage of it. I recommend that booklet to you prior to your investing in punched card accounting.

SATTAZAHN

Begun on P. 8

reference to ledger cards, not tied up by machine operator or accounts receivable department.

However, accounts receivable on punched cards must be a byproduct of invoice writing or sales analysis; otherwise it becomes too expensive.

We decided to use ledger cards rather than substitute other means to maintain credit history because it is quite inexpensive to develop ledger cards by posting. It gives a single, unified record of all transactions with a customer. It is automatically developed—no end posting or calculating is necessary. We are of the opinion we can do a better job faster than the best of the hand posted.

If your company is considering punched card accounting in the credit department, I recommend strongly that you see as many systems as you can in other companies. You are going to have to pick ideas from the various spots because no one will have a system that exactly meets your requirements.

Foundation Publications Available

The publication by Credit Research Foundation referred to in this article is "Punched Card Accounting and the Credit Department," a discussion of the application of punched card accounting methods to the credit function, with case studies of four companies. A new supplement contains a full transcript of the panel discussion, "Punched Card Systems in Credit Department and Accounting Operations", on which the presentation in these pages is based.

Both publications may be ordered from the Credit Research Foundation. Single copy prices: Punched Card Accounting and the Credit Department, \$1.50. Punched Card Systems in Credit Department and Accounting Operations, \$1.00. Quantity prices available on request. Address Credit Research Foundation, 229 Fourth Avenue, New York 3, N. Y.

MELROSE

Begun on P. 9

where punched cards, consecutively numbered for each case received, are reproduced for a master card which contains the code number, slot number, weight, cost price, selling price, suggested retail price, and percentage of profit that the retailer will make based on the suggested retail price. These cards are then filed in the proper code file with the high case number in front.

A quick glance at any item in the tub will tell a buyer how many cases of a particular item remain in the warehouse at a given moment.

Sales Card Pulled

As orders are processed, a sales card is pulled from the front, which is the highest case number. These cards are then run through a sorter to arrange the customer's entire order into slot number sequence. The slot number refers to the location of the item in the warehouse, which is determined by both movement and tonnage. Use of this system cuts warehouse handling costs to a minimum. The order is then billed on the tabulating machines, which can invoice as many as three cases a second.

All sales cards are then filed in a weekly sales file until the weekly inventory cut-off, at which time they are sorted back to commodity code sequence and tabulated into a sales analysis by item, giving total cases, sales and cost, and automatically reproducing a summary card showing total units of each item for the week.

Inventory Comparison Run

Finally comes the inventory comparison run, made by using the previous week's closing inventory cards followed by a receiver card, less the sales summary card, which automatically gives a closing inventory on which a summary card is again automatically punched for use as opening inventory the following week.

A copy of this inventory comparison immediately goes to Buying for posting on a Kardex system, again set up by code number. The buyer then has the complete story of item movement at his fingertips, not only weekly but also monthly, quarterly and annually. On these Kardex records, notations are made of promotional sales which

(Concluded on page 36)

Second Annual GREAT LAKES REGIONAL

Credit Conference

CHICAGO

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WISCONSIN • Green Bay • Madison • Milwaukee
Oshkosh

"A Convention close to home."

SPEAKERS

Thursday Luncheon: GEORGE W. COLEMAN, Economist, Mercantile Trust Company, St. Louis, "The Growing Pains of an Expanding Economy."

J. ALLEN WALKER, President, National Association of Credit Men and General Credit Manager, Standard Oil Company of California, "Greetings and Remarks".

Friday Luncheon: HENRY H. HEIMANN, Executive Vice President, National Association of Credit Men, "World Wide Credit Developments."

INDUSTRY GROUPS

Thursday: Entire Afternoon: At least seven concurrent sessions—

1—Building Material—Construction Supplies—Contractors. 2—Drugs—Fine Paper—Photographic Supplies. 3—Food and Allied Products. 4—Household Equipment and Furniture. 5—Industrial Equipment, Machinery and Supplies. 6—Petroleum and Automotive Supplies. 7—Wearing Apparel and Sporting Goods. And accommodations arranged on request for small informal gatherings from lines not covered by group programs. For all others a worthwhile session to be provided.

PANEL DISCUSSION

Thursday Evening: GREAT LAKES FINANCIAL EDITORS ROUND-UP

Moderator: DAVID DILLMAN, Public Relations Director, Inland Steel Company, Chicago. Members: DON CAMPBELL, Indianapolis Star. ROSS DICK, Milwaukee Journal. PHILIP HAMPSON, Chicago Tribune. ED KANDLIK, Chicago Daily News. SAM LYONS, Finance Magazine. B. J. WEMHOFF, Automotive News.

AUDIENCE PARTICIPATION WORKSHOP

Friday—Entire Forenoon: Simultaneous table discussions of an actual credit problem under individual discussion leaders who subsequently report their groups' reasoning and conclusions to a moderator who in turn conducts an overall floor discussion. Moderator: FOREST R. COGSWELL, Credit Manager, A. B. Dick and Company, Chicago.

ENTERTAINMENT

Thursday Dinner: "THE SINGING MEN OF STEEL". Seventy male voices, South Works Plant, United States Steel Corporation, directed by HARRY S. WALSH.

TWO VALUABLE DAYS: For hearing EMINENT SPEAKERS on IMPORTANT TOPICS • TALKING SHOP in your own INDUSTRY GROUPS and in a WORKSHOP • Seeing OLD FRIENDS and making NEW FRIENDS • Plenty of time ON YOUR OWN IN CHICAGO • Registration \$18.50.

Advance Registration

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Tear Off and Mail

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Send me postage-paid card for making reservation at Morrison Hotel ☐

Industry Group preference, Number

Other Group preference

NAME

POSITION

COMPANY

CITY

Production and Wholesale Index Honors Won by 22

AS scanners of economic skies, financial executive readers of **CREDIT AND FINANCIAL MANAGEMENT** prove themselves keen analysts of changes in the business climate, for the long term as well as the short term outlook. This year there were 20 executives who answered what, for the companies, can prove to be much more than a mere \$64,000 question: the **INDUSTRIAL PRODUCTION INDEX** at midyear 1957. These 20 executives, ranging from bank presidents, company vice presidents, secretaries and treasurers, to credit managers and controllers, accurately forecast back in the fall of 1956 that the Industrial Production (combined) Index at midyear 1957 would be 143.

In the **WHOLESALE PRICE INDEX** category, two executives made target, while six others came within two-tenths of a point of the mid-1957 Index figure of 117.4.

The overall average of the executives participating in the survey was 115.97. At presstime, 1956, when the survey participants made their forecasts the Wholesale Price Index was 115.5.

The two executives who forecast the Index accurately are:

LEONARD J. GRUBER, executive vice president, The Central Carton Company, Cincinnati, Ohio.

JOE HASSE, operating manager, General Electric Supply Company, San Antonio, Texas.

Near-bull's-eyes, that is, they came within five-tenths of a point either way:

B. F. EDWARDS, JR., vice president, Bank of America NT & SA, San Francisco.

GUY C. HARRIS, district credit manager, General Electric Supply Co., New Orleans, La.

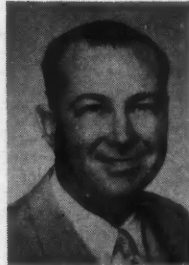
V. C. BARNHART, secretary and credit manager, The Mine & Smelter Supply Company, Denver, Colo.

HOWARD SCOTT, credit manager, Morse Hardware Company, Bellingham, Wash.

H. C. SCHICK, secretary and treasurer, The Torrington Manufacturing Company, Torrington, Conn.



L. J. GRUBER



J. A. HASSE

I. L. HILLMAN, assistant treasurer, Dravo Corporation, Pittsburgh, Pa.

Leonard J. Gruber, graduate of Xavier University and past president of Kappa Sigma Mu fraternity, was 1949-50 president, Cincinnati Association of Credit Men. He is past president Service Bureau, and past chairman Credit Club Luncheon Group. He was on the executive committee of the 60th Annual Credit Congress last year. Mr. Gruber is executive vice president and secretary, Central Carton Company, Cincinnati.

J. A. Hasse, San Antonio, who in July was advanced to operating manager, General Electric Supply Company, Division of General Electric Distributing Corporation, is past president and past board chairman of Southwest Texas Wholesale Credit Men's Association. He had joined General Electric in Dallas in 1941. After U.S. Air Force service he rejoined G.E. in Houston as district credit manager and was transferred to San Antonio in 1946.

The CFM Index poll is taken annually in November and the predictions are published in the following January issue. More than 100 executives participated in the 1957 forecasts which were published in our January issue, pages 10-12.

Industrial Production Index 143

The overall average prediction of the more than 100 executives who participated in the survey was 142.5, indicating an almost uncanny precision in their analysis. Since these are the men with a financial interest or responsibility in their companies who make decisions that often may involve major changes in company

operation and who must be in a position to contribute to marketing operations of their companies, it indicates well their constant, close touch with conditions affecting the economy. At presstime in the fall of 1956 when these executives made their forecasts, the Industrial Production Index was 145, and definitely still on the upgrade (it went to 147 in December).

Here are the winners in the IPI category. These executives represent the range of business and industry: manufacturers, suppliers, banks, chemicals, steel, office equipment, food, transportation. They are from all parts of the country, with Ohio, the presidents' state, leading with five winners, and Tennessee second with four winners.

B. EARLE WALKER, vice president and credit manager, C. M. McClung & Co., Knoxville, Tenn.

E. W. BUCE, controller, Bernardin Bottle Cap Co., Evansville, Ind.

R. D. ANDREW, secretary, American Blower Corp., Dearborn, Mich.

W. H. McDONNELL, president, First National Bank, St. Louis, Mo.

A. H. HANSSEN, credit manager, Davison Chemical Co., division of W. R. Grace & Co., Baltimore, Md.

PHILIP L. GLASS, vice president, Sterling National Bank & Trust Co., New York, N.Y.

R. J. McKENNA, secretary and assistant treasurer, Toledo Plate & Window Glass Co., Toledo, Ohio.

JOHN R. MUELLER, assistant to treasurer, Carpenter Paper Co., Omaha, Nebr.

JAMES O. BARNHOUSE, secretary and treasurer, Southwestern Ohio Steel Co., Hamilton, Ohio.

W. M. JOHNSON, secretary and treasurer, J. Allen Smith & Co., Knoxville, Tenn.

J. PRESTON MILLER, assistant treasurer, Dexter Industries, Inc., Grand Rapids, Mich.

H. H. SLATERY, treasurer, East Tennessee Packing Co., Knoxville, Tenn.

JESSE A. SWANEY, assistant to the

(Concluded on page 32)

in commerce

Trends

in industry

in finance

Spending—and MacArthur

ALMOST one-third of the national product is being consumed by Government spending, declares General Douglas MacArthur, chairman of Sperry Rand Corporation, and unless the near-confiscatory burden of taxes is lessened, the bright new age through nuclear energy and electronics will have to wait.

"The present tax structure is probably adequate to socialize the United States," stockholders were told. "Our tax-take is already greater than that of the admittedly national socialistic countries. The erosion of incentive, ingenuity and integrity that results will be as deadly as the hidden cancer is to life."

Withholding Judgment

WHILE indorsing efforts of state and local associations for nationwide adoption of the so-called 20/40 amount limit statutory formula, the NALU group insurance committee has decided to hold further study in abeyance until the close of the 1957 state legislative sessions.

An extraterritorial amendment, if adopted in a state now having the 20/40 formula, would have the effect of requiring all companies licensed in that state to conform to the limits prescribed by the formula even in group life contracts written and delivered outside the state.

Industrial Relations Ranking

EXECUTIVES in industrial and personnel relations constitute management's most college-degreed group, is the conclusion of *Industrial Relations News* from a study of 340 replies in a nationwide survey. Increase of staff in this field the last five years was reported by 54 per cent; only 13 per cent showed cut-backs. Seventy per cent called their

salaries in line with those paid for comparably responsible positions in other departments. Sales and production still rank above industrial relations posts, however, 56 per cent felt. Communication and its relation to employee morale constitutes the most important problem in the area.

Inventories Slowdown

SLOWDOWN in inventory growth has been the chief factor in the scattered layoffs in the fields of appliances, television, auto parts and steel, in fewer freight car loadings and price weakness in copper, tin and most scrap metals, says the Federal Reserve Bank of Chicago. The holding down of inventories stems from the need to conserve funds in the heavy demands for investment and working capital expansion and from the speeding up of new order delivery and the generally easier supply situation, the analyst concludes.

Air Conditioned

THREE-FOURTHS of New York's business offices now are air-conditioned, says the Office Executives Association of New York, after reports from 293 representative companies.

Did You Know That . . . ?

RATIO of gold stock of the United States to our non-gold money and deposits had dropped to 8.94 as of last December, the lowest annual ratio since 1932. The ratio for 1932 was 8.2 per cent; for 1933 it was 9.6. Since 1941, when the ratio was a record 24.6 per cent, there has been a steady decline.

These developments are reported by Walter E. Spahr, executive vice president, Economists' National Committee on Monetary Policy. He adds the pertinent observation that the purchasing power of the dollar, in

terms of the wholesale price index, has reached the lowest level on record since the Federal Reserve System was established in 1941.

Coupled with the drops in gold ratio and dollar purchasing power are these items relating to the period 1953-57:

Money in circulation reached a higher volume than in the period 1933-52. Higher levels were also set in total deposits in all banks other than Federal Reserve, in monetization of Federal debt by the "Fed", in the building of bank reserves against uncollected checks and drafts, in the earmarking of gold for foreign account.

Business Activity Higher

DESPITE the ebb of industrial production from last December's peak, business activity as a whole is moderately higher than for the fourth quarter of last year, the continuing increase of expenditures on services more than counterbalancing the marked reduction in inventory purchasing, according to the quarterly survey of the Chase Manhattan bank.

The current cautious approach to inventory purchases is helping to ease the inflationary pressures on the economy, say the bank's economists. "In short, the current inventory situation will turn out to be a healthy period of consolidation, if basic demand continues to advance."

Investment in Canada

CANADA has witnessed a phenomenal inflow of capital investment from abroad this year but will continue to show a deficit in its international current account transactions, says the Bank of Montreal. This inflow is said to have more than offset any effect the imbalance of international payments might have had on the strength of the Canadian dollar.

Making and Using the Financial Forecast Is Essential to Sound Business Operation

HOW a financial forecast should be made will be determined by the use to which it will be put,



F. P. FLINT

but the only way management can insure achievement of the maximum profit consistent with overall sound business operation is to "employ complementary twins of budgeting—short-range and long-range planning," desirable today and probably imperative on the morrow with its increased complexities, says Frank P. Flint, controller, Jello-O Division, General Foods Corporation, White Plains, N. Y.

Each part of financial forecasting, such as departmental expense budgeting, cash forecasting, and capital expenditure planning, is a serious matter, Mr. Flint observes, but the whole is more important than any of the parts, and the basic philosophies come first of all.

"Sound business operation without financial planning is impossible. This is not kid-stuff, nor is it an outworn copybook maxim. It is the source of all forecasting strength."

From years of experimentation, Mr. Flint names these six basic philosophies underlying the making of financial forecasts:

(1). Financial planning must be one of the specific responsibilities of each functional manager.

(2). A financial budget is much better accepted if it includes only those items for which the functional manager has specific responsibility.

(3). Individual product and functional plans tend to be more realistic and more ambitious when the planners know that higher levels of responsible management are developing, independently, norms against which any individual financial plan will be measured.

(4). There is danger in making short-range plans which are not an integral part of overall long-range plans.

(5). The scheduling and coordinating of all functional financial plans should be a responsibility of the financial area in any company.

(6). Treat a financial forecast as a restatement in financial language of a proposed action plan which has met with higher management's tentative approval.

And to what uses are financial forecasts put? If the forecasting is done as a coordinated activity and as an attempt to plan for maximum reasonable profit, Mr. Flint shows six ways in which forecasts are used, all having real managerial value, each with variable value depending

drivers who do not take responsibility for their own acts, he says.

First, "they usually fail to give us distribution formulae by which these 'indirects' can be prorated between client areas. (For example, sales volume is often used to prorate sales administrative overhead to products; yet in many cases more actual administrative energy is spent on small volume problem products than on the healthy large volume items).

"Second, even when sound formulae are developed there would seem to be little value to such accounting gymnastics unless the functional man-

"How very often is the sales forecast made on some such basis as 'attainable volume,' with little or no reference to long- or short-term probability. How very often is the manufacturing plan designed with minimum reference to inventory levels, customer service, cash drain or other non-manufacturing facts of life . . . Yet the company's profit health has to be our every-minute consideration."

—Frank P. Flint

on times, personalities, company traditions, and the type of forecast. The six uses:

(1). To reveal specific management objectives which must be undertaken, and indicate an orderly path toward each;

(2). Provide maximum utilization of human resources;

(3). Furnish maximum profitable utilization of physical resources;

(4). Determine short- and long-range requirements for materials and money;

(5). Evaluate functional plans;

(6). Establish norms for measurement of men.

When a staff manager is a prime contributor to every phase of a functional financial plan which applies to his area, the controller finds, the plan benefits in both the soundness of concept and its carrying out. Purists who argue that a functional area should be charged for all services it actually or theoretically uses ("from the boss' salary to the janitor's supplies") are like hit-and-run

ager can in fact make decision about the necessity for and scope of the rendered service. Finally, proration often results in so concealing the true size of the total bill for a service that no effective control is exercised by either the service manager or the client. (A telephone charge of \$500 in each of five departments makes quite a different impression than the total charge of \$2,500)."

Spur to Managers

Mr. Flint notes that the existence and constant revision of performance norms by higher management acts as a continuing spur to those managers who design and execute financial plans, proved by measurement of profit and progress performance before and after application of the norms.

As for unrelated short-term plans, the danger lies in the prospect that each plan will become nothing more than a periodic improvisation, with the painful discovery later that the

"Today's management cannot afford the old-fashioned luxury of improvising in the matter of material and money requirements whenever any particular need arises."

—Frank P. Flint

company has even lost ground. So too with long-range planning alone, for "short-range results may be erroneously interpreted as favorable or unfavorable owing to a failure to evaluate in advance the immediate operating climate and opportunity."

Functional managers cannot be expected to know all the ins and outs to permit them by themselves to schedule and coordinate their own financial planning. Mr. Flint shows how the controller set an operating division profit plan time schedule in terms of work days and the table of contents, using the "D-day minus" technique.

PROFIT PLAN TIMETABLE

| | | |
|-------------|------------|---|
| D-Day Minus | 30 Days... | Sales Volume Estimates |
| D-Day Minus | 28 Days... | Functional Expense Budgets |
| D-Day Minus | 24 Days... | Sales Volume Meetings Regional Sales Managers |
| D-Day Minus | 19 Days... | Production and Manufacturing Cost Budgets Sales Price, Transportation, Warehousing, Allowances |
| D-Day Minus | 18 Days... | Advertising Budgets Selling Expense |
| D-Day Minus | 12 Days... | Preliminary Product Profit & Loss, Analysis of Marketing Expense and Research Budget Prepared |
| D-Day Minus | 11 Days... | Product Comments Prepared |
| D-Day Minus | 10 Days... | Division Profit & Loss Summarized and Submitted to General Manager for Approval. |
| D-Day Minus | 3 Days... | Profit Plan Submitted to General Manager and Operating V. P. in Final Form |
| D-Day | | Profit Plan submitted to Budget and Analysis Division of Corporation |

Finally, by treating the forecast as a restatement of a tentatively approved action plan in financial terminology, not only is management predisposed to acceptance but much duplication in calculation of financial data is eliminated.

The Jell-O Division of General Foods concentrates in the controller's area all the historical financial information of the functions and
(Concluded on page 16)

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most of the statistical, with a group of financial personnel trained to provide analyses of financial data as requested, thus improving the caliber of service and reducing time consumption, and all without usurping functional management's responsibility to make the decision. Because of development of objectivity and breadth of judgment in the controllership, the area of subjective judgment of the functional manager is materially reduced and the impact of extra functional matters on functional planning is better recognized.

Points Out Weak Spots

One of the truly significant attributes of financial forecasting, according to Mr. Flint, is the "finality with which it points a finger at places in management's plans where new, or revised, or strengthened objectives must be undertaken."

Questions prompted enter such areas as need of new products, better service to customers, different methods of delivery, machine or departmental bottlenecks calling for capital expenditures, different basis for purchasing materials, new sales methods, change of research emphasis to recapture shrinking share of the market.

"Such objectives, incorporated in successive financial forecasts, constitute built-in benchmarks which all levels of management can readily recognize and apply. Progress toward near and distant performance objectives can quickly be measured by comparing actual results with forecast results for any given period. Broad differences will usually be indicative of poor administration of the financial plan, or unrealistic objectives."

A sound financial forecast also makes possible maximum use of human resources. Making a required product profit may dictate a change in sales manpower, greater concentration of production effort to reduce costs, the degree and kind of managerial effort for profit and volume or new product, and may serve as a checkpoint for evaluating manpower disposition.

Standard key financial relationships can indicate failings in proper and rapid maximum usage of physical resources, as in lower gross margins, production irregularities in seasonal peaks and valleys, low return on investment.

"Few medium or large businesses

FRANK P. FLINT, since 1950 division controller for Jell-O Division, General Foods Corporation in White Plains, N. Y., received his A. B. degree at Haverford College in 1923 and was graduated from Harvard Graduate School of Business Administration in 1926.

Before assuming his present post he had held numerous positions in the treasurer's department of Koppers Company; served as assistant controller for Capital Airlines; and was financial methods analyst in top management surveys for General Foods Corporation. He is a member of Controllers Institute of America.

could survive if they did not anticipate material and money requirements well in advance," Mr. Flint points out. "Profitable volume must be projected, and capital money needs cannot logically be determined until a forecast has been made of volumes and profits."

Danger Signals

Lower sales volume and higher sales or promotion expense than seems justified by historical trend data should be danger signals.

Financial forecasts give perspective to evaluation of functional financial plans and permit managerial selection between functional plans when necessary.

Measurement of Men

So too with establishment of norms for measurement of men. "The manager responsible for the execution of a financial plan is charged either with the delivery of a specified profit or margin, or with the production of functional results within predetermined cost limits," the controller says. "Volume may fail to materialize as forecast; costs may rise higher than planned; competitive action may force a reduction in selling price. The existence of the financial plan permits top level management to determine which managers have the imagination, flexibility and ingenuity in the face of adversity to enable them to honor their forecast commitments for profit. A midpoint review will alert management to the probable outcome of the plan in sufficient time to make many corrective actions effective."

Records' Birth Control Techniques Are Described

"People and paper both cannot occupy the same space. When there are no records retention controls, paper gradually builds up and forces people out," declares Controllership Foundation, Inc., New York, research arm of the Controllers Institute of America, which has just issued for distribution a 456-page report titled "Records Retention and Control." The records management techniques of 13 companies are described.

"Records management is a non-departmentalized function and cannot be administered as a strictly departmental unit," notes the Foundation report. "Organizational responsibility for a records management program is usually vested either in the controller or the secretary of a company." The financial department is the major paperwork producing unit of a company. Therefore it is almost always aware of the problem and is usually the first department to undertake measures to control the flow of paper."

Department Store Operating Costs Pace Sales-Profits Rise

Operating costs tenaciously kept step with sales and profits margins which were up slightly for the fiscal year ending January 31, 1957, in department and specialty stores, according to a Controllers Congress quarterly survey. Only a substantial improvement in miscellaneous non-operating income helped stores achieve before-tax earnings of 4.6 per cent compared with 1955's 4.5 per cent.

Obviously ways must be found to halt and reverse the trend of rising expense ratios, notes the National Retail Dry Goods Association in its special bulletin. Systems simplification, elimination of unessential functions, improved efficiency and increased substitution of mechanized processes in all areas of non-selling operations are the way of the future, if reduced costs are to be achieved, says the NRDGA.

There is no verbal vitamin more potent than praise.

—Frederick B. Harris

Everybody suffers from tensions these days. So if you've been dreading that next promotion up the ladder for fear it might shorten your life, be of good cheer. Statistics compiled by the National Office of Vital Statistics indicate that men of the managerial, technical and administrative levels as a group have lower-than-average mortality rates.

The American Management Association surveyed 847 medium- and large-size companies on their health examination policies, and found 70 per cent of the 447 responding companies require that an executive undergo a physical examination as a condition of hiring, although only 53 per cent offer examinations to executives already employed.

The AMA found "no evidence that executives are in any worse state of health than other employees." One company that installed a health examination program for its key men reduced its executive casualty rate by 62 per cent in five years through preventive medicine.

Home Improvements Offset Auto Drop, Says Lorenz

Stepped-up activity in the home improvement market is bolstering our high economic level, according to Otto C. Lorenz, associate editor of *American Banker* and authority on instalment finance. According to a survey on consumer credit recently completed, "the activity in the home improvement field is offsetting a fall-off in automobile production," Mr. Lorenz told conferees at the National Consumer Credit Conference, in Denver.

"Banks financed 19 per cent more home improvements in 1956 than in 1955," the consumer credit authority said, "and the trend is continuing in 1957." The gap between current production in the automobile industry and the peak year of 1955 might have brought about a general downhill business trend, he said, had it not been for homeowner interest in improvements and additions to properties.

Fiduciaries Name Soderman

Harold C. Soderman, secretary-treasurer, First Trust Company of St. Paul, has been elected president of the Corporate Fiduciary Association of Minnesota.

the Vote Is unanimous...



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J. J. MAHAR

areas of the construction industry, and that is complete data on the financial condition of the contractors and subcontractors who are buying from the dealer supplied, says James J. Mahar, division credit manager of Kaiser Gypsum Company, Inc., of Oakland, Calif. He calls the need all the more important now because of the tightness of money.

"The credit executive must know very thoroughly the financial status of not only his customer but also the contractors and subcontractors who are buying from the dealer," Mr. Mahar emphasizes.

"Construction failures in the first five months of last year increased by 31 per cent while business failures of all kinds rose 14 per cent. The hardest hit in the construction group were general contractors, with 54 per cent more casualties than during the corresponding period in 1955. The percentage of casualties in this field has been steadily rising since 1939, despite the fact that in 1939 about 200,000 contractors handled \$8 billions in annual volume whereas today there are about 475,000 contractors sharing a volume of about \$44 billions. This means that approximately $2\frac{1}{2}$ times more contractors are doing $5\frac{1}{2}$ times the 1939 annual volume of business."

Mr. Mahar lists the following major reasons for the high incidence of failures among construction companies.

1. Tight money.
2. New and better equipment, intensifying competition.
3. Inexperience.
4. Overtaxing of financial resources.
5. Reckless bidding to get greater work volume.
6. Paying overdue bills for finished jobs out of income from new jobs.

"There is no doubt," he says, "that

"Rising costs of living bring with them problems of which the credit manager must be aware. The continually increasing gross sales in this inflationary period appear indicative of greater sales volume, but quite often I have had the impression that customers are not completely aware that hidden in their higher gross sales are higher costs and sometimes lower net profits. The credit manager, not only in the construction industry but in every industry, can provide a real service to his customers by keeping them cost-conscious."

JAMES J. MAHAR

competition has been intensified by new and better equipment, and this means that more work-volume can be handled by every contractor.

Profits Steadily Thinning

"Another significant factor is that profits in this field are becoming thinner all the time. In 1939 the average of net profits to net sales was 5 per cent. By 1954 that average had fallen to 1.29 per cent. True, many contractors realize a greater percentage, but there are just as many who do not realize the average. As a result of diminishing profits, many contractors are overworking their capital and over-diversifying, sometimes taking on jobs for which they lack experience. This factor, inexperience, alone accounts for about half of the failures.

"Overtaxing of financial resources can be easily diagnosed if we keep a

close check on a contractor's paying record.

"Many newcomers do not have sufficient experience in relating and understanding costs, and their reckless bids to get greater work volume cause extremely competitive situations by lowering contract prices. These contractors should be closely watched, by both the dealer and the wholesaler or manufacturer.

"The contractor who pays overdue bills for finished jobs out of income from new jobs is prevented from knowing whether his work is completed at a profit, and he can get into trouble which he may not discover until too late."

Because of these conditions, Mr. Mahar explains, it is a wise credit executive who realizes that his responsibility includes a knowledge of the financial conditions of not only his customers but also of the contractors and subcontractors who are using the material.

Getting Down to Cases

Mr. Mahar outlines an instance involving a large volume building material dealer of net worth well into six figures. The manufacturer's credit department learned that a very large part of the dealer's accounts receivable was tied up in one account, a building contractor. The account went bad, and both dealer and manufacturer were losers.

"The job of today's credit manager includes not only credit but also selling and public relations. He can meet this demand by providing dealers with credit information on contractors and subcontractors. It often happens that they move into an area to

JAMES J. MAHAR, 35, of Oakland, division credit manager for Kaiser Gypsum Company, Inc., in Northern California, is a graduate of Gonzaga University, Spokane, and has a master's degree from Bradley University, Peoria, Ill., where he served on the faculty. While taking graduate work at the University of Wisconsin, he instructed in English. Later he taught business subjects at the Southern California College of Business, in Los Angeles.

In World War II Mr. Mahar served with the Army Signal Corps' Alaska Communication System. He was engaged in office and credit management in Juneau prior to association with Kaiser.

work and come to a dealer for credit. Very frequently this newly contracted job is hundreds of miles from the contractor's business office, or, in the case of a small contractor or subcontractor, his business office goes with him. The building material manufacturer or wholesaler whose credit department has built files on contractors or subcontractors can very often be of real assistance to this dealer, sometimes saving him a credit loss."

Mr. Mahar cites case histories. His company's credit files showed that a small contractor, who had moved to Redding, Calif., had left houses uncompleted in Klamath Falls, Ore., where several suits against him were pending. The manufacturer's credit file forestalled loss to his dealer and others. In another case the credit file on a building organization coming in from another part of the state showed, via other dealers' reports, that the builder was on the verge of financial collapse..

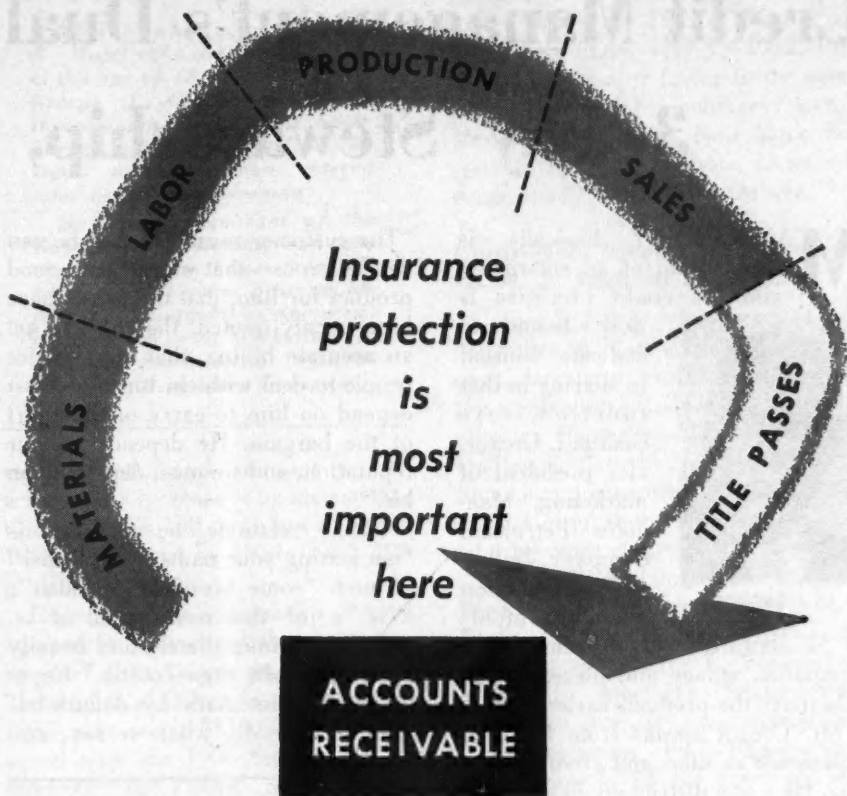
"In many instances," Mr. Mahar told a Central Valley Credit Conference at Fresno, "we have been asked by general contractors for information on subcontractors, and occasionally requests have come from subcontractors for information on general contractors and builders.

"A credit department can give invaluable assistance to the sales department by providing a service of this type, and it can aid the company's overall public relations program by helping to promote good customer relationship."

Petroleum Supply-Demand Continues to New Highs

The petroleum industry in 1956 broke through its previous records. For the first time in history, both the supply of and the demand for petroleum and its products in the United States exceeded 9 million barrels a day, according to the "Business Review" of Federal Reserve Bank of Dallas. New records were achieved in all phases of the industry despite greater foreign competition and substantial additions to inventories.

Long-term factors were: high level of personal income, expansion of industrial activity, increased number of vehicles in use, installation of more oil-burning units for heat and power, and more intensive use of oil-consuming products. The abnormally cold spring and the Middle East crisis were other contributing factors.



***Don't drop insurance protection
when you add your profit and ship***

When a shipment is made—title passes—and you create an account receivable. You are more certain of the end result—PROFIT—when you protect accounts receivable with Credit Insurance. That's why an increasing number of executives have decided that NO cycle of protection is complete unless capital invested in accounts receivable is insured by ACI. To learn more about Credit Insurance, call our office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY of New York, Dept. 47, 300 St. Paul Place, Baltimore 2, Maryland.

***Liquidity of capital is the
prime responsibility of management.***

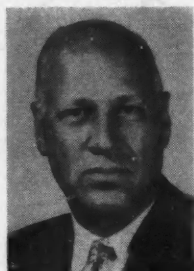
***Protect your working capital
invested in accounts receivable
with***

**American
Credit
Insurance**

Credit Management's Dual Function:

3-Way Stewardship, Aid to Sales

MANAGEMENT basically is stewardship of an enterprise, and the credit executive is



G. J. GREGOR

duty-bound to dedicate himself to sharing in that function, says George J. Gregor, vice president of marketing, Magnolia Petroleum Company, Dallas.

That function he calls twofold:

to be steward over the company's reputation, money and ideas, and to help make the products easier to buy.

Mr. Gregor speaks from his dual experience in sales and credit operation. He was a district credit manager of what is now Socony Mobil Oil Company, before entering Sales. (Magnolia is Socony's southwestern affiliate.)

Functionally bracketing the credit department with marketing, Mr. Gregor spells it out for the credit manager:

"First, practice stewardship of your company's reputation through a sensitive feeling for public relations. Be a steward of its money, through diligence in investigation and cost-control. Be a steward of ideas, through keeping an atmosphere in which imagination can come through.

"Second, help in making your company's products buyable. See if there are new ways to help you make better judgments on credit risks. Open your minds toward finding new techniques for strengthening credit as an aid to sales."

America is its prosperous self, he explains, because through advertising and merchandising "we have made people want things badly enough to sacrifice for them," and through credit "we have given them the means to buy, once the demand was created."

40 Per Cent of Sales on Credit

The fact that almost 40 per cent of his company's sales are on credit, says the vice president, signifies a background of mutual confidence.

"The customer must feel that he can depend on us—that we will have good product for him, that the prices have been openly quoted, that he will get an accurate billing, that we are nice people to deal with. In turn, we must depend on him to carry out his part of the bargain. He depends on our reputation, and we must depend upon his."

Public relations, he explains, is "not getting your name in the paper" through "some far-off department"; it is "a job that rests on all of us, and it rests immediately and heavily upon the credit organization." Reputations are not made by dollars but "by what we do, what we say, and

"Let's see if more criteria for credit can be developed. Let's see if we can select the sheep from the goats by learning more about what makes a good credit risk."

—GEORGE J. GREGOR

what we offer for sale," and "the marketing organization—including the credit group—is the biggest single factor in what the public think of us, largely out of their unseen but vital relations with our creditmen."

Today, "we must still keep the dollars flowing in, but we recognize the many benefits in being of service to the customer—with the same end result."

Management rightly expects diligence in protection of its resources, observes Mr. Gregor, adding that in Magnolia the losses on credit buying approximate one-fourth of 1 per cent a year.

Methods of operation are a part of Credit's responsibility to guard company funds. In the unparalleled records of prosperous years since World War II, while emphasis has been on developing new products and new markets, costs have risen—and "inflation hasn't been gentle with the petroleum industry." Most companies are seeing the beginning of a squeeze, as "the demand for new investments, new moves in new directions, is making us cost-conscious, whether we want to be

or not." The new investment must be made for the pull ahead, "but money is being stretched to do it."

The best answer to cost-control, he underscores, is to do as good or better a job on less money. "The man who knows what he is doing can draw that finest of fine lines, between the area where he's not spending enough to get the job done and where he's spending too much for the results he gets."

Critical Introspection First

Before putting judgment to work drawing that fine line, a critical self-look is required, on such questions as whether the checks on proposed expenditures have been slipshod, whether communication with those "needing a curb on the reins" has been delayed, whether the insistence on reasonable justification for every unusual or new expenditure has been consistent, whether the original reasons for routine spending have been found still valid.

Next to be determined is whether "those who work with us measure up to the same yardstick."

Stewardship of Ideas

Mr. Gregor warns against pushing cost-control too far, at the expense of stifling ideas, and here enters the stewardship of ideas. "Somehow we have to create and keep a climate in which the fresh, new idea will be prized like a Future Farmer's steer at the State Fair. There's no substitute for good ideas. The job is to get people who can work *and* think," then to "look at every suggestion with unprejudiced good judgment."

The second broad area of credit responsibility noted entails finding new ways to make the company's products wanted and easy to buy. That brings the marginal account into the picture, for sales as well as prompt payment are the twin objective.

"Joe, the man who believes in cash only, might be made to see the advantage of having accurate accounts of what he spends on his car. Frank, the young fellow who had a

rough time in college, might turn out to be the coming big-shot in his department; in fact, he might be in a position to turn some of his company's business your way. Jim, the up-and-coming dairyman, might make a go of it and remember how you helped him in his early days. (My own company could not operate for one day without the services and materials supplied by the 15,000 small businessmen from whom we buy.) Billie Boop might marry the boss' son and be able to tell her chauffeur to go elsewhere for her gasoline.

Provide Good Counseling

"Our credit operations should extend more and more into making it possible for people to become good customers, through providing them—when they want it—with good counseling on their operations and costs."

Another challenge, that of full working relationship between Credit and Sales, was voiced by Mr. Gregor in addressing the Southwest Petroleum Credit Association at its Dallas conference.

"The credit operation and the sales operation can be separated in fact but not in spirit," he declared. "Credit is and always will be a sales technique, and the good creditman can and must be a top-flight salesman, alert for ways in which he can contribute to the total marketing picture."

Mechanization to Meet Rising Food Needs, Spur to Farming

"The farm machinery industry is one of the true growth industries of the next decades," in the optimistic view voiced by A. W. Phelps, chairman and president, The Oliver Corporation, Chicago. He bases his optimism in part on published findings on population and agriculture by Drs. Philip M. Hauser and D. Gale Johnson, of the University of Chicago, citing these:

"For every 100 people requiring foods in 1955, we will have 108 to 109 in 1960; by 1970 we will have 125 to 127." Between 1935 and 1955 the number of workers on farms fell from 12,733,000 to 8,237,000 and this trend is going to continue. For each 100 units of crops produced per worker in 1955, "he must produce 115 to 120 units in 1960, 167 to 171 units in 1970." We are going "to have to look to more efficient farming to produce the increased food

JOINING what is now Socony Mobil Oil Company in 1922, at the age of 18, as a mail clerk, George J. Gregor progressed through the positions of book-keeper, credit clerk, and district credit manager, then entered sales as general salesman.

He became manager of the Buffalo sales district, and was manager of the Lakes Sales Division for 13 years prior to his recent appointment as vice president in charge of marketing for Socony's southwestern affiliate, Magnolia Petroleum Company.

requirements," and "the only way to achieve this increase is by mechanization. For each 100 machines in use in 1955, there must be 130 in 1960, 220 in 1970."

Reporting the company's "farm equipment business definitely better in 1957 than it was in 1956," and "total sales of Oliver Corporation for 1957 may reach \$110,000,000, compared with the 1956 total of \$107,857,000," Mr. Phelps credits diversification for an important part in the

company's favorable long-term outlook. "When the Federal Road Program gets under way in 1959, this should be a major factor in the company's industrial machinery area," Mr. Phelps told the New York Society of Security Analysts, in an address titled "Your Forty Ounces."

Controllers Elect J. L. Peirce Of A. B. Dick to Presidency

James L. Peirce, vice president and controller, A. B. Dick Company, Chicago, has been named president of the Controllers Institute of America, effective September 1. He succeeds Dudley E. Browne, vice president of finance and controller, Lockheed Aircraft Corporation, Burbank, Calif., who becomes chairman of the board.

Stuart W. McLaughlin, controller, West Virginia Pulp & Paper Co., New York, was reelected treasurer of the Institute, and Victor L. Persbacher, controller, American Brake Shoe Company, that city, was named assistant treasurer. Paul Haase, managing director of the Institute, was reelected secretary.



CASH RUNS YOUR BUSINESS

When your sales are tied-up in accounts receivable your working capital inevitably suffers under the pressure.

CREDIT INSURANCE can solve this problem by safeguarding your future. It protects against the unexpected that can turn a good customer into a bad debt or a past-due account. Credit Insurance removes the danger of having profits destroyed or working capital depleted.

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OVER HALF A CENTURY OF CONTINUOUS SERVICE IN CREDIT INSURANCE



BY LOUIS I. FORD
Controller—Credit Manager
 Lord Printing Company
 Los Angeles, California

WE enjoy a unique position in the printing industry. We do not solicit business. Customers telephone long distance, write or come in. We manufacture one product, menus, and serve restaurants, hotels, in fact, any place where food is served.

In the morning mail was a request from Arizona that we submit sketches for a better menu card, similar to one he enclosed, featuring a small boy. The sketches were made by the artist, and the go-ahead was phoned by the customer.

Vice President Troiano, who was handling the account, requested that the credit department write the customer to learn how he intended to pay, and to request a deposit. Our credit terms are of 10th prox., no discount of any kind. From new customers and openers we require a 50 per cent deposit, the balance COD.

Our method of handling initial orders helps both Credit and Sales. The salesman gets the customer's ideas as to what class of place he intends to operate, the name and special features. The art work of the menu cover is built around these ideas. If the place were to be called "The Wolf", a cut would be made of that animal. Should it be called the "Fireside", a fireplace in the lobby would be the motif for the artist. The artwork is the initial cost, not necessary on reorders. The setup of the form, the type and cuts are also an initial cost, as the form is stored for a reorder.

The outside covers are printed first. As cover costs are almost as much for 50 copies as for 500, a run of 500

MANAGEMENT AT WORK

.... a problem case is solved

is suggested to the customer. He is charged for art work, composition, printing 500 outside covers, 50 inside. The entire charge is paid, although the 450 covers are held at our warehouse until the customer reorders.

On reorder the only charge is for printing the inside, plus any changes in composition.

Basis of Credit Acceptance

We know by experience that a restaurant with an investment of \$500,000 may go under in 90 days. Therefore, credit is accepted on this basis:

1. Who is the operator?
2. Is the restaurant's location good?
3. If purchased, how did it do under former owner?
4. Can we get a Credit Interchange Bureau report of owner's paying record elsewhere?
5. Whom does he know that we know?

A letter was sent to our Arizona customer, thanking him for the order, stating our credit arrangement and requesting a 50 per cent deposit. A credit application was enclosed. No answer.

LOUIS I. FORD, controller and credit manager of Lord Printing Co., Inc., Los Angeles, studied accounting, journalism and engineering at Northwestern University, Lewis Institute, Lane, Chicago, and Los Angeles City College and Accountants Institute, also Los Angeles.

After seven years as supervising accountant and manager, and a period as chief accountant of L. A. Young Spring and Wire Corp., he was successively with Food Machinery Corp. as auditor, American Checkwriter and Paymaster Corporations as controller, and credit manager of International Finance Corp., and auditor in the U. S. Air Force. Mr. Ford joined Lord Printing in 1954.

A second letter also was unanswered, but he did send a credit application, with some copy. The credit application showed only the trade name and the length of time at the location (10 years). No bank was named. Five vendors were listed as references.

The references were contacted by long distance telephone. One, an association member, reported the account closed three years. The others reported they had sold small amounts and the paying record was good, but no orders had been received recently.

We phoned our association member and inquired if he knew Mr. Wil-

We are great believers in the long distance telephone as a business aid. We have used the phone very successfully in our collections.

A special technique is required—the ability to analyze the person you talk to as you would if you were speaking face to face.

Louis I. Ford

bur Brown, who had signed the application. Checking the old records and his memory, my friend came up with this information. The man had operated a number of places, opening, getting a partner, then selling. A report three years old was located. It showed the paying record fair. Years earlier there had been a bankruptcy, since cleared up.

We phoned the other vendors but they had nothing to add. We were "stuck" without a deposit or assurance of one—or a delivery.

We decided to call the customer but before we could lift the receiver the phone rang and a voice said, "This is Wilbur Brown in Arizona. How is my job? When will it be delivered?" I replied, "Your job has not been OK'd for production, as you didn't answer our letter, or send a deposit."

Mr. Brown went on to tell me how good his credit was. Confronted with

the statement of 10 years in business on his application, he said, "Well, the place was here."

We discussed the job pro and con. The customer's idea was to incorporate the art model in a drawing of the architecture of the building, and to use miniature menus as advertising for the opening. He then told me of his former operations and experience.

After a 45-minute conversation, I agreed to send a proof of the artwork for his architect.

We contacted a vendor for his statuettes. In return Mr. Brown was to airmail a check for a specified amount, the balance COD.

The check arrived the following morning, the job was delivered COD the following week, our customer was happy and so were we.

U.S. Government Securities Holdings of Banks Decline

In a review of debt management since 1946, Dr. Marcus Nadler, consulting economist to The Hanover Bank, New York, cites as the outstanding development "the decline in holdings of government securities by the commercial banks." This is primarily the result of the banks' shift from investment to loans, he said, in a report on "Managing the Public Debt." The trend set by corporations in the last few years of converting a considerable amount of their bank deposits into short-term Treasury obligations will continue, he said.

At the end of March 1957, about \$127.7 billions of government obligations, approximately 46 per cent of the total U.S. debt, were of the short-term or virtually demand type, the bank economist reported.

Asks Care in Credit Selection Based upon Productive Use

Seeing consumer credit as "both a cause and an effect of our amazing growth during the past decade," bankers in convention at the National Instalment Credit Conference of the American Bankers Association, in Chicago, focused as searchingly as scientists study atomic radiation fallout, on the great influence of instalment credit in our economy. "Curtailed consumption of such goods as automobiles, refrigerators, household appliances by undue withdrawal of credit, would result in lowered production, which in turn would mean unemployment and, again, further re-

THINK FIRST

Nine times out of ten there is an explanation for what seems unreasonable. Think before passing judgment.

—The Tablet

duced consumption," declared Don H. Wageman, executive committee chairman, Seattle-First National Bank. He recommended "careful selection of credit based on productive use."

Said A. K. Davis, chairman, Wachovia Bank & Trust Company, Winston-Salem, N. C.: "At the end of 1946, total consumer credit was \$8,384,000,000; this had climbed to \$41,863,000,000 early this year. Ten years ago instalment purchases accounted for less than half of all consumer credit outstanding; now the \$31,552,000,000 in instalment paper outstanding represents more than three-fourths of all consumer credit." He called for "a high degree of managerial responsibility, to maintain sound standards of credit procedure," and "to prevent runaway inflation."

How tight is "tight"? asked J. C. Welman, vice president, Bank of Kennett (Mo.), in view of "1-million houses a year being built; 6 million automobiles produced, sold and financed; a \$71 billion federal budget; over \$41 billion of industrial expansion; and the beginning of a road-building program that will cost more than the total of our federal debt only a few decades ago." Calling credit "one of the real bargains of our day," he conceded that there may have been "somewhat of a buying-borrowing spree," and suggested controls through joint efforts of lenders and public to abide by sound credit principles.

American Institute of CPA's

To emphasize its membership qualification and the importance of certification, the American Institute of Accountants has officially changed its name to American Institute of Certified Public Accountants. When the Institute was incorporated in 1887 there were no certified public accountants in this country, notes Marquis G. Eaton, president. Membership now approximates 30,000.

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coupon will
bring the
facts!*

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If credit limitations are keeping your distributors from carrying adequate stocks at peak seasons, let us show you the **CONTROLLED CREDIT DISTRIBUTION** Plan now used by many leading manufacturers. It permits you to retain legal title to the merchandise, doubles the distributor's credit without additional risk to your company, acts as a collection control and supplies accurate 30-day inventory records.

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ON THE Personal Side

PERCY WEST, vice president, The First National City Bank of New York, has been appointed to overall supervision and administration of the bank's domestic offices organization. Mr. West began with the bank in 1915 and worked in the foreign department until 1920, when he was assigned to the domestic division as New Business representative. He became head of that group, was appointed loan officer, New York City division, and in 1932-34 was responsible for reorganization of the credit department.

Mr. West is past president of New York chapter Robert Morris Associates, The 475 Club, and the bank employees' club. He has for years been vice president and governor of the New York Credit & Financial Management Association, and is co-chairman board of trustees, New York Institute of Credit, of which he is immediate past president.

WILLARD P. CHAMBERLAIN has joined Cherry Hill Coal Corporation, Cleveland, as vice president in charge of finance. He also will be responsible for part of the sales and operating activities of the company. He had been for 25 years with The Cleveland-Cliffs Iron Company, leaving there in 1955 to go with F. C. Russell Company, after Cliffs sold its coal division. Mr. Chamberlain was twice president of National Fuel Credit Association, vice president and treasurer of Cleveland Association of Credit Men, and president, Cleveland Coal Credit Group. He holds the Executive Award of the Graduate School of Credit & Financial Management, NACM, Dartmouth (1954).

In promotions at Kaiser Aluminum & Chemical Corporation, Oakland, Calif., **RUSSELL A. CLAYTON**, formerly controller, has become vice president and treasurer, and **A. N. WARBURTON, JR.**, assistant controller, has moved up to controller and assistant treasurer.

DONALD E. BROWNE, formerly vice president and treasurer of Kaiser

Aluminum & Chemical Corporation, has been elected vice president and treasurer, Kaiser Industries Corporation.

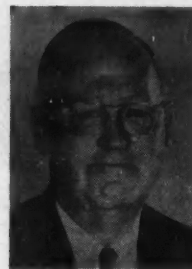
Mr. Clayton began with Kaiser Company in 1942 as an accounting clerk. He advanced in 1950 to controller of Kaiser A & C Corporation, post held prior to his new appointment. Mr. Warburton joined the organization in 1939 as chief accountant for Permanente Cement Company, later becoming chief accountant for The Permanente Metals Corporation, and in 1953 assistant controller for Kaiser A & C Corporation.

HUGH E. BUNNELL, formerly assistant credit manager, steps up to treasurer and credit manager, Morrison-Merrill & Company, Salt Lake City, to succeed Harold H. Gloe, who has retired after 40 years with the company. Mr. Bunnell went with Morrison-Merrill following graduation in 1950 from the University of Utah. He is a director and treasurer of the Credit Bureau of Salt Lake City.

Mr. Gloe, treasurer of the company for the last 27 years, has long been active in association and civic affairs. He served as director, National Association of Credit Men, 1947-1950; member, National Board of Governors of Credit Interchange, 1950-1953; president of Inter-Mountain Association of Credit Men, 1937-1938 and 1947-48. He was director of the Credit Bureau of Salt Lake City for many years, its president in 1944, and a director of the Southern Idaho Association of Credit Men.

ROBERT V. JAROS has been advanced to treasurer, Abbott Laboratories, North Chicago, Ill. A 27-year veteran of the company, he began as time study and cost analyst, was named head of the cost and methods department in 1934, assistant treasurer in 1953.

ALFRED O. P. LEUBERT has been elevated to vice president and treasurer, and director, Old Town Corpo-



PERCY WEST



W. CHAMBERLAIN



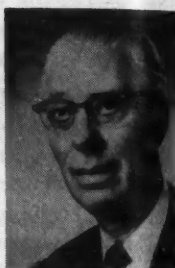
R. A. CLAYTON



A. WARBURTON, JR.



H. E. BUNNELL



H. H. GLOE

ration, Brooklyn, N.Y. Mr. Leubert began with Old Town as controller in 1953, advancing successively to secretary and controller in 1954, secretary and treasurer in 1956. Earlier he had been with J. K. Lasser & Company and with Vision, Inc.

J. FRED KUHN has been named manager, Burroughs Corporation, New York branch. With Burroughs since 1928, Mr. Kuhn has served in various branches, most recently as branch manager Philadelphia.

RAYMOND L. SEAMAN has been named general manager of Feltman-Curme division, International Shoe Company, at St. Louis. He has been assistant vice president, Freeman Shoe Company; treasurer, Florsheim Shoe Company, and for the last two years district manager for Shoenterprise, International's subsidiary in New York City. While in Chicago Mr. Seaman was president of the Chicago Association of Credit Men 1947-48.

W. F. OTTERSTROM, formerly director for financial review, has been advanced to controller, Olin Mathieson Chemical Corporation, New York.



E. C. BRAYNARD, JR.



R. V. JAROS



A. O. P. LEUBERT



J. F. KUHN



J. F. NELSON



R. N. WALLIS

JAMES F. NELSON has been advanced from assistant treasurer to treasurer, Lehigh Navigation Coal Sales Company, Bethlehem, Pa. He continues his responsibilities as credit manager. Mr. Nelson went with Lehigh Navigation in 1953 from The John C. Winston Company, Philadelphia. He is a member of Fuel Credit Bureau, Credit Men's Association of Eastern Pennsylvania.

EDWIN C. BRAYNARD, JR. has been appointed assistant manager of the Greater New York territory, for American Credit Indemnity Company. Before going with ACI three years ago, Mr. Braynard was associated with Pacific Mills, The Cantor-Green-span Company, Virginia Woolen Company and Textile Banking Co.

ROBERT N. WALLIS has been named vice president, Dennison Manufacturing Company, Framingham, Mass. A director, he also continues his responsibilities as treasurer. Mr. Wallis began with the company in 1925 as cost accountant and has served in market research and sales planning and as manager of the merchandise design division. He is chairman of the board, Controllers Institute of America.

LEONARD A. McEVoy has been named eastern regional credit manager, Plywood Inc., division of Atlas Plywood Corporation, Boston. He was formerly credit manager, United States Plywood Corporation and Roddis Plywood Corporation in the New England area. Mr. McEvoy has served as director, Boston Credit Men's Association, and treasurer, Boston Chapter, National Institute of Credit.

LOUIS M. CURTIS has been advanced to executive vice president, Austin Supply Company, Inc., Philadelphia. He continues as assistant treasurer. He went with Austin Supply in 1948 from an affiliated company, Service Supply Corporation, of which he was assistant to the controller. Mr. Curtis has been in construction accounting since 1940, with various companies.

JAMES S. WAGNON has been advanced to vice president of Olmsted-Kirk Company, Dallas.

LEWIS C. HATCH has been appointed to the new office of controller of Yard-Man Incorporated, Jackson, Mich. He previously had been secretary-treasurer, George C. Knight Company, Detroit.

In promotions at Security Trust & Savings Bank of San Diego, Calif., DONALD C. DICKINSON has been named executive vice president, HOWARD RITTER senior vice president, and C. J. FRANDELL and WENDELL A. STUBBS are now vice presidents. GEORGE S. POTTS was named vice president and manager.

With the bank since 1929, Mr. Dickinson also is a director. Mr. Ritter joined the bank in 1928.

LUDWIG H. CLIFTON has been appointed vice president and controller, Panagra (Pan American-Grace Airways), New York. Previously he had been assistant treasurer, General Telephone Corporation, and earlier with the Gary group of telephone companies. He is a graduate of Harvard law school and a member of the Chicago Bar Association.

MAURICE H. SCHWARTZ has been named vice president, James Talcott, Inc., New York. He was a founder and general partner of Prudential Acceptance Inc. before joining Talcott as Detroit resident manager in 1955.

NORMAN LEWIS has been appointed treasurer of Geare-Marston, Inc., Philadelphia division of Ruthrauff & Ryan. A graduate of Colorado University (B.S.B.A.) and Columbia University (M.B.A. 1950), Mr. Lewis joined the agency as assistant secretary in 1955.

MARCUS R. TOWER has become vice president, National Bank of Tulsa. He formerly was vice president, Union National Bank, Wichita, Kan. Earlier he had been with National of Tulsa, resigning in 1951 as assistant manager of the credit department to go with the Wichita bank.

MILTON COLIN has been named vice president in charge of credit, Native Laces & Textiles, Inc., New York City. At the same time DAVID POLLACK, director of the export division, has been appointed assistant treasurer of the company. Mr. Colin, a member of the New York Credit & Financial Management Association, is active in the Rayon Credit Group and the Uptown Credit Group.

ERNEST BERGER has become controller of VanSant, Dugdale & Company, Inc., Baltimore. Mr. Berger, a certified public accountant, had been with Aircraft Armaments and the University of Maryland.

THOMAS MORRIS, assistant secretary-treasurer, Pittsburgh-Des Moines Steel Company, Pittsburgh, has been named a director in the company. Mr. Morris is first vice president of The Credit Association of Western Pennsylvania.

TYLER T. HARRISON, formerly assistant secretary and general credit manager, Mosher Steel Company, Dallas, takes on new responsibilities as controller at the Houston offices of the steel company. Mr. Harrison authored the article in CFM April '55, "Construction Credit Requires Special Analysis of Financial Statements."

RALPH WRENN has been elevated to president, Stecher-Traung Lithograph Corporation, San Francisco. As company credit manager he was chairman of the Growers, Shippers and Cannery Supply Group, also served as director of the Credit Managers Association of Northern and Central California.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

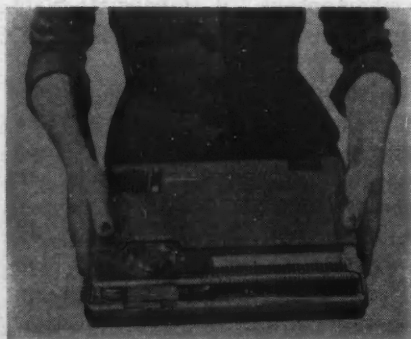
High-Speed Mailer



406 With the high-speed MODEL 3100 MAIL INSERTING MACHINE of Pitney-Bowes, Inc., one person can do the work of several in meeting mailroom needs and peak workloads. The Model 3100 automatically collates and nests enclosures, opens and stuffs envelopes, counts, seals and power-stacks the mailing, and optionally imprints metered or other postage, in one continuous operation at speeds up to 6,000 per hour. Savings are possible on short runs as well as large, says the manufacturer. Unit has variable speed control, handles envelope sizes from 6x3 $\frac{1}{4}$ " to 12x6", of different thicknesses, and is easy to set up for jobs.

All-Purpose Voicewriter

407 The ALL-PURPOSE VOICewriter of Thomas A. Edison Industries (McGraw-Edison Co.) combines the conventional dictating-transcribing machine with attachments for varied uses. Besides recording dictation at desk, in conference, even in moving vehicles, the unit may be hooked up with your inter-office dial telephone



system to enable as many as 20 persons to record by "remote control." A different control box makes it possible to dictate remotely from Edison-made dictating phones. Voice impulses automatically control the unit. The red vinylite discs take 15 min. of dictation on each side; these can be mailed or filed.

Outbound Mail Sorter



408 The Outbound Mail unit of THE SORTERGRAF COMPANY provides a means of scheduling mail pickups and getting letters in shape to enclose, thereby speeding up and simplifying office routine and effecting savings in envelopes and postage. In use, the outbound mail is sorted into hinged tabs and accumulated through the day. To the upper part of the tab are labeled the names of those to whom regular mailings are made; the lower section provides a compartment in which addressed envelopes are kept and pulled out as needed. There are units for large and small mail departments.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

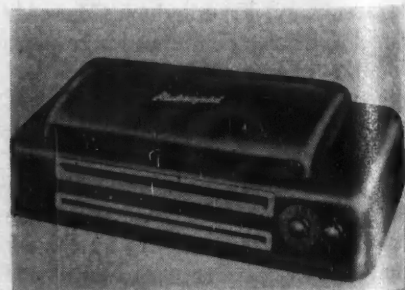
Clean Stencil Corrector



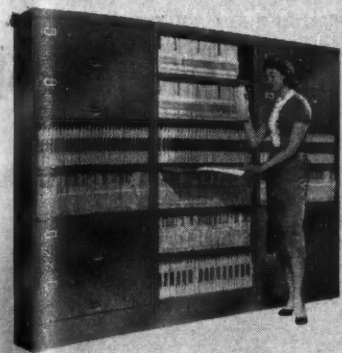
409 Borrowing from the craftsman, the office worker now can utilize the X-ACTO KNIFE to correct spirit-type master stencils neatly and speedily. The typist simply removes errors with a few light scraping strokes on the back of the typed sheet. Retyped copy then reproduces perfectly, says the manufacturer, X-Acto, Inc. X-Acto knives are handled like pencils and come in sizes to fit every grip. Removable blades can be replaced inexpensively.

Photocopier-plus-Diazo

410 For one copy or multiple copies from one original, the PHOTORAPID desktop machine combines advantages of photocopying and multiple-copy diazo. Unit makes clear jet-black copies in seconds, under any light, of any material, whether printed on one or two sides, opaque or translucent paper, any color, written, drawn or printed. With the helio printer the user can make unlimited diazo prints from one negative. The unit of Photorapid of America, Inc., comes in choice of five decorator colors, is simple to operate.



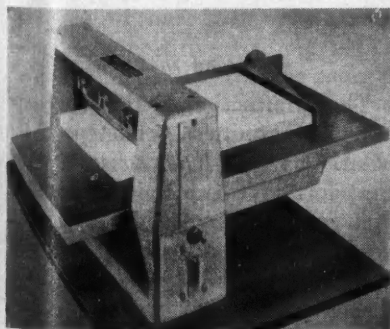
"Closed" Open Files



411 Complete visibility and accessibility of open-shelf filing, plus the neatness and protection of closed-drawer files, are features of the SPACEFINDER files of Tab Products Company. In use, Spacefinders are kept open, file doors serve as work shelves, saving steps and time of clerk between desk and file. Tabs on folders are readily visible and folders are accessible to more than one person at a time. Spacefinders require only 30 in. aisles, fit in many narrow places where drawer files won't fit. Made of steel, Spacefinders come in seven sizes, from two to eight compartment units; are shipped set up and ready to use. Cabinets can be moved with contents intact.

Safe Power Paper-Cutter

412 Designed for office use, the Power Paper Cutter Model 130 of ADDRESSOGRAPH-MULTIGRAPH CORPORATION will do such varied and special jobs as trim booklets, separate continuous forms, divide finished records, provide special paper and card sizes. Safety features include dual pushbutton control; both hands are needed to engage the cutting mechanism. Hydraulic clamp insures square accurate cuts. Cutter occupies a surface area of less than 3 sq. ft., can be mounted on table or desk.



Codes on Microfilm

413 Available for the first time on a commercial basis, KODAMATIC INDEXING answers a timesaving need when reference is made to microfilm records by index coding directly on 16-mm. microfilm. Code lines between document images are produced on the film by setting two numerical control dials adjacent to the feeding throat of the microfilmer.

In combination, the two lines can be exposed in 99 different numerical positions. Alphabetical or any special kind of coding scales may also be used on the control dials. The Koda-



matic Indexing device is an integral part of the new Recordak Reliant Microfilmer announced by the Eastman Kodak Company of Rochester, N.Y.

Whirl Board File

414 Punched holes in papers stay neat and papers move readily on the new patented Whirl Board File of LANS-DALE PRODUCTS CORPORATION.



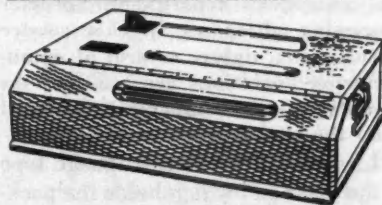
Paper snapping, jamming and tearing are eliminated. Device flips open at desired spot; papers move along revolving rings. Comes in note, letter and legal size, with pressboard cover, alphabetical index and is fully assembled when it is delivered.

202-C Adds, Counts



415 The new COMPTOGRAPH 202-C ten-key electric adding machine automatically counts the number of items being added and prints this total on the tape with the answer, a feature that makes the unit especially useful to wholesalers, utilities and other businesses where the number of items listed must be counted. Product of Comptometer Corporation (Felt & Tarrant Manufacturing Co.), the machine features Visi-balance window which shows running debit or credit balance. Adjustable keyboard angle adds to operator comfort.

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portable **EXACT-FAX**
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- Credits
- Bills of lading
- Production schedules
- Valuable documents
- Letters, etc.

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Lifetime service guarantee

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General Photo Products Co., Inc.
15 Summit Ave., Chatham, N. J.

Constant Information Tape Speeds Processing, Servicing; Aids Control

CONSTANT buildup of information, as a result of which data are passed on to the next operational phase,



R. J. KIECHLIN

is the vital function of The New Jersey Zinc Company's Integrated Data Processing system which provides the answer to the problem of tying in widespread operational activities. New Jersey Zinc manufactures slab zinc, zinc alloys, zinc pigments, titanium dioxide and many other products for use in various industries such as die casting, brass, galvanizing, paint, rubber, paper and chemicals. It has a network of offices and plants, with headquarters in New York, plants in Pennsylvania, New Jersey and Illinois, major sales offices in New York and Chicago, a tabulating section in Palmerton, Pa.

"From customer order right through to management reports, IDP serves to expedite and verify all our procedures," notes Robert J. Kiechlin, of the controller's department. Speedier processing of orders, quicker service to customers, tighter control of manufacturing operations are some of the advantages the company has reaped from the changeover to IDP.

In a sense, common language tape is the "ribbon" which holds the package together. Teletype communications, IBM equipment and tape-producing Flexowriters are the basic machinery of the network, complemented by the carefully designed marginally-punched continuous forms of The Standard Register Company which translate the stored information into working orders.

Handling Constants, Variables

"We have on file in New York a 'constant' information tape for each customer," notes Mr. Kiechlin. When the initial order is received, before preparing the production order, a four-part form is typed. "This form, like all the forms in the system, is supplied by The Standard Register

Company's Integrated Data Processing system which provides the answer to the problem of tying in widespread operational activities.



AT NEW JERSEY ZINC COMPANY—When an order is typed on the Flexowriter, the "constant information" tape is fed into the machine and the information is automatically typed onto the eight-part Kant-Slip order form. The typist then puts in order information manually. At the same time a new tape is prepared containing both the constant and variable information.

Company on Kant-Slip marginally punched, continuous sheets, designed for precision feeding." As the form is filled out, a master tape is cut on a Flexowriter. The tape contains the basic repetitive data that will appear again and again on all documents in the system—and each time the customer places an order. The four-part Kant-Slip form contains:

1. A Tape File copy which has a horizontal perforation at the center. In this way we can fold the sheet, the typed information on the outside, and place it in a polyethylene envelope with the tape inside the folded copy. This "constant" information is kept in a tub file within our Data Processing Center in New York.

2. A District Office copy with a horizontal perforation for easier filing.

3. A contact Office copy; the Contact Office is, in effect, a second district office that is concerned with the order. This copy, too, has a perforation designed into the form for easier filing.

4. A Traffic Department copy for their information.

Upon receipt of an order from an established customer at the New York

sales office, the transparent master tape envelope is pulled and sent to the Flexowriter. Customer orders placed on the plants are typed automatically on the Flexowriter from the master tape with the exception of such information as quantity ordered, price, etc., which is typed manually. The information, constant and variable, goes onto an eight-part Kant-Slip order form. The form provides the following copies: 1. Order on Plant; 2. Traffic Department; 3. Salesman Copy; 4. District Office Copy; 5. Salesman Contact Copy; 6. District Office Contact Copy; 7. Division Copy (Metal and Pigment); 8. Acknowledgment. At the same time the eight-part Kant-Slip form is filled, a new tape is created which contains all the information typed on the order.

Teletyped to Plant

The information in this new tape is then transmitted by teletype to the plant. The New York teletype proof copy form in this case is printed in a light gray ink, so that it can also be used as message paper. In other words, the single-copy Kant-Slip sheet in the Teletype serves as the

proof copy when an order is transmitted and also serves as regular message paper when the Teletype is used for inter-office communication, thus obviating the necessity of changing paper each time the machine is used for a different function.

"This is just one of the many examples in our system showing how correct form design makes IDP a practical reality," points out Mr. Kiechlin.

By using teletype for transmittal of order information, delays in mailing time under former methods are eliminated, greatly reducing the time interval between receipt of a customer's order and its arrival at the plant. On the receiving teletypewriter at the plant, a nine-part Kant-Slip manufacturing order is prepared, providing copies for the various production departments concerned. At the same time a tape is prepared automatically on a reperforator at the plant.

Monitor Unit Teletype

"A timesaving advantage at this point in the system is provided by a monitor unit teletype in our Palmerton plant tabulating department. The monitor unit is always on the circuit and through the use of codes can be activated to pick up the order information and convert it onto tape, which is then translated to punched cards. In this way we are able to get a head-start on preparation of information which will be used later for inventory control records."

The tape cut when the nine-part Kant-Slip order form was received at the plant is used to help prepare a normal bill of lading on teletypewriters at two plants, and a Programmatic Flexowriter at the third plant. Blockouts on the bill of lading eliminate information not pertinent to the shipping procedure. While we write the bill of lading, we are also producing another tape.

"The constant build-up of information from form-to-tape-to form-to-tape, and so on, is evident. A basic premise of our IDP system is to eliminate repetitive writing, and we are accomplishing this through the medium of the five-channel tape."

The tape cut when the bill of lading is prepared is used to send shipping information to the home office in New York City via teletype. In the sending process a one-part transmission proof copy is prepared on the sending teletype; this copy has com-



NEW TAPE being fed into the teletype machine which transmits to the plant. A single-copy proof sheet, in Standard Register Co.'s Kant-Slip continuous sheet form, is printed at the sending end; on the receiving end in the plant a nine-part Kant-Slip manufacturing order is automatically prepared.

plete data and is retained by the plant for information purposes.

On the receiving teletype in New York a gray ink copy is automatically produced. This copy provides all the information needed to prepare invoices. This gray ink copy is matched with the open order copy from the file (Part 1 of the eight-part Order set), and prices entered and extended on the work copy.

The tape cut while receiving the transmission proof copy accompanies the extended order copy to the Flexowriter where a ten-part Kant-Slip invoice form is prepared. The tape provides all repetitive information with manual typing required for invoice date, price and extension, due date and total amount. Invoice copies are: 1. Original Invoice; 2-3-4. Invoice Copy; 5. Accounting (Tab) Copy; 6. Credit Copy; 7. Salesman Copy; 8. District Office Copy; 9. Salesman Contact Copy; 10. District Office Contact Copy.

Punched Cards for Accounting

A new tape is prepared automatically while the invoice is being written and this tape containing selected information is mailed to our Palmerton office where it is converted to punched cards for eventual incorporation into accounts receivable and sales analysis records.

At the time the shipping information was sent from the plant to the New York office, the monitor unit at Palmerton picked up the data on tape, which was then converted to punched cards. This allows them to "keep on

top of inventory" without having to wait for the shipping information to be relayed from New York. In other words, tapes at Palmerton are converted to punched cards on a Type 46 IBM Tape-to-Card machine after they are picked off the circuit, and can be incorporated into an inventory report the following day.

When payment is received in New York, a collection register is manually produced on a Flexowriter. The byproduct tape is mailed to Palmerton and converted to punched cards which are balanced against the accounts receivable cards to remove paid items from the open file. The cards are also used for various types of analysis and interpretation work.

Summary of Advantages

The changeover to the IDP system for processing orders and deliveries of company products brought about many benefits for both the customer and the company," notes Mr. Kiechlin. "A speedier processing of orders was possible, giving the customer quicker service and allowing us to maintain tighter control over manufacturing operations. Manual typing of repetitive information on orders was eliminated by the tape, thus bringing accuracy to a new peak of performance. In general, the overall efficiency of our order processing system was raised to a new level through Integrated Data Processing."

Accounts Receivable Financing Subject of New A.B.A. Manual

Fundamentals of accounts receivable financing, some pitfalls, and sound procedures for bankers to follow in investigating the risks involved in this growing type of lending, are presented in a new manual, produced by the credit policy committee of the American Bankers Association. Production of the manual, "Accounts Receivable Financing" available on request to all A.B.A. member banks, attests the rapid growth of this type of loan.

The writers of the booklet urge that the bank carefully check business reputation and background of each principal executive of the company applying for the loan. They advise study of mercantile reports.

Suggested are basic forms needed by banks. The manual also outlines loan agreements and other forms which may be modified to comply with state laws.

Fixed Assets a Source of More Working Capital

Can Be Most Important to Company That Is Expanding Its Business

By **A. DOUGLAS HANNAH**
Vice President and Treasurer

J. H. Hillman & Sons Company
Pittsburgh, Pennsylvania

FOR the purpose of discussing fixed assets as a source of replenishing working capital let us consider working capital as *net working capital*, the difference between current assets and current liabilities. Normally fixed assets do not enter into the computation of the working capital position.

When a company borrows on its current assets, such as on receivables or inventory, it usually obtains such loans on short term credits by assigning the receivables or pledging the inventory, and such loans are classified as current liabilities. Consequently, if a loan of \$100,000 is granted on that basis, the cash goes up \$100,000, but so do the current liabilities, and the net working capital position remains the same. If some of this money is used to purchase fixed assets, the net working capital position is reduced.

However, where a loan is made and the repayment terms extend beyond one year, that portion of the loan that is to be outstanding more than a year improves the working capital position of the firm by that amount, unless the proceeds of the loan once again are used for capital expenditures. In other words, a 10-year \$1,000,000 term loan would increase the working capital position by \$900,000, as only \$100,000 would be considered current liabilities. Here then is a source of new working capital which can be most important to a company expanding its business.

Fixed assets already owned and paid for are the basis of many term loans, whether secured or not. A well established and financially sound company usually can borrow money on a five or possibly seven year basis without technically pledging any of its fixed assets, but in most cases a term loan agreement is entered into

and the company usually agrees not to further encumber its property and equipment. Numerically, though, probably more fixed asset loans are made by the pledging of such assets than are made where the assets exist but the company's credit is of such standing that no security pledging is required.

Fixed assets, as we all know, are primarily made up of such items as land, buildings, machinery, and equipment.

1 The conventional mortgage on land and buildings is usually placed with a bank or insurance company. Larger concerns often obtain the same results by having an underwriting concern sell first mortgage bonds which convey a first lien on the property to the bondholders. There are numerous examples of this type of loan. When they are made on property already owned, the net working capital of the company is increased or replenished unless the money is used to purchase additional fixed assets. In some instances, concerns may be able to sell debenture bonds, in which the indenture agreement states that no liens will be placed against the real estate or equipment. Additional working capital is obtained in that manner.

2 Equipment and machinery are also fixed assets that can be used to borrow term money for working capital purposes, providing a clear title can be given. Former chattel mortgages, now covered by financing statements in Pennsylvania, can often be used to obtain 24 and 36 month loans. Similarly, although equipment trust certificates are usually used to finance the purchase of new, expensive equipment such as locomotives and streetcars, they could, I believe, be used as a means of borrowing money on such equipment already owned.

3 Many times the land, building and equipment are combined into one industrial mortgage or first mortgage bond issue, and the results to the borrowing company are the same as

AFTER graduation from Princeton University in 1930 as a mechanical engineer, A. Douglas Hannah joined the Carnegie Steel Company, and was subsequently in the chain business, oxygen manufacturing, dry ice and coal and coke business. In World War II he was chief of the Gray Iron Foundry Section of the War Production Board, Washington.

With Colonial Trust Company of Pittsburgh, he became a vice president in the commercial loan department.

Mr. Hannah is now vice president and treasurer and a director of J. H. Hillman & Sons Co.

a combination of the first two general examples just given.

Some companies have chosen another method to increase or rebuild their working capital position which may have been adversely affected by the erection of a new plant or office building. That is to sell the land and building, on completion, to a private investor or insurance company. Such arrangements, including firm commitments, are often made in advance. I know of one recent deal in Pittsburgh where a \$400,000 new building was purchased by a New England insurance company for the exact cost of the land, building, and architect's fee, and then leased back for 25 years at 8 per cent net a year with two 10-year renewal options at a lower rental. This is common practice in the chain store field.

Applicable to Machinery, Equipment

The same procedure is applicable to machinery and equipment, and there are specialized equipment leasing companies now active in the field. Just recently a firm came to us and needed additional working capital to go into a different line of endeavor. They sold their equipment for the full depreciated value to an equipment leasing firm. Incidentally, if the bank had loaned them money on a financing statement, they probably would have received only 66⅔ per cent of the depreciated value.

Up to now, I have made no mention.
(Concluded on page 32)

Guides to Improved Executive Operation

KEEPING INFORMED

PROTECTION OF VITAL RECORDS AND DOCUMENTS—Civil Defense technical bulletin considers records protection program to insure reconstruction of vital records and documents in case of disaster. 4 pages; catalog No. FCD 1.3:16-2. Available from Superintendent of Documents, Washington 25, D. C. 5 cents.

POINTERS ON GOVERNMENT CONTRACTING, leaflet to assist small business concerns, tells how to obtain information on prime contract and subcontract opportunities, gives suggestions on preparation of bids and proposals. Obtainable from Small Business Administration, Lafayette Bldg., Washington, D. C., or any SBA field office.

RETENTION AND PRESERVATION OF RECORDS WITH DESTRUCTION CONTROLS—Fifth Edition. In Part I are discussed factors involved in organizing a record retentions program, with five exhibits. Part II concerns "Federal Laws and Regulations Affecting Record Retention"; Part III, state laws. Price \$4.00. Record Controls, Inc., 209 So. LaSalle St., Chicago 4, Ill.

MANUAL OF RECORD STORAGE PRACTICE—Informative booklet about storage practice and retention periods for business. For free copy write on letterhead to Bankers Box Company, 720 S. Dearborn St., Chicago 5, Ill.

APPRAISING THE MARKET FOR THE SERVICES YOU OFFER—Bulletin #15. Four-page guide and basic information for small marketers' evaluation of needed marketing facts. Specific suggestions on how to keep informed. Write Small Business Administration, Washington 25, D. C. Mention Bulletin No. 15 and above title. Free.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.

EFFICIENCY TIPS

615—Sample label strip and descriptive literature of "Carbo-Snap" carbon-interleaved address labels are offered by manufacturer, Penny Label Company. Write us.

616—Office lighting data are made available by Day-Brite Lighting, Inc.

617—32-page descriptive catalog of The Marvic Company lists 29 unusual or laugh-provoking items for sales promotion, direct mail enclosures, tradeshow and convention goodwill builders. Ask for #101 and sample.

618—"New Horizons with Microfilm," four-color 36-page brochure of Filmsort Division, Dexter Folder Company, describes new equipment and techniques applied to office, engineering and record control systems; cites capsule case histories.

619—Samples of duplicated material and advantages of each type of office duplicating process: offset, spirit, Azograph and mimeograph, are explained in catalog offered by A. B. Dick Company.

620—"Procedural Microfilming — New Techniques in Clerical Cost Control" is an informative manual of Flofilm Div., Diebold, Inc., containing complete proceedings of a recent symposium on business microfilming. Single copies free, additional copies \$1. each. Write on letterhead.

621—"The Care and Feeding of Ideas" is a booklet containing contributions on clear writing by two business writing experts and A. B. Dick Company specialists in processes for presenting the ideas.

BOOK REVIEWS

PERSONNEL ADMINISTRATION — A Point of View and a Method (Third Edition). By Paul Pigors and Charles A. Meyers. \$6.00. McGraw-Hill Book Company, Inc., 330 West 42nd St., New York 36, N.Y.

• Invaluable not only to those planning a career in personnel administration, but also to those already actively engaged. Part I covers the entire range of recognized personnel activities; Part II emphasizes the value of case study in management development and provides case material to illustrate personnel problems.

HOW TO BE A WOMAN OF PROPERTY —(A Practical Guide to Investment). By Harriet Gardner Palmer. 221 pages; \$2.95. Henry Holt & Company, 383 Madison Ave., New York 17, N. Y.

• Any woman, even with capital of a few hundred dollars, can advantageously strike out for herself in the investment field, declares the author, who offers a pattern for becoming acquainted with investments and how to use the tools of the "trade." Hazards are pointed out, activities of the Stock Exchange and brokerage services are described in easily readable style. Formula - plans, investment counsel services are critically examined, and sources of company data and current facts are given.

RECOMMENDED READING

THE AMERICAN ECONOMY—by Alvin H. Hansen. \$5.00. McGraw-Hill Book Company, Inc., 330 West 42nd St., New York 36, N. Y. A review of the economic advances during the past generation and their application to the past, present and near future. Contains much material on the improved techniques for stabilizing and expanding our economy. Also contains the six lectures given by the author at the University of Chicago in 1956.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

INDEX WINNERS

(Concluded from page 12)

treasurer, Harris-Seybold Co., Cleveland, Ohio.

LOUIS STOSKOPF, JR., credit manager, Victor Chemical Works, Chicago, Ill.

F. D. ROBINSON, vice president and treasurer, Diebold, Inc., Canton, Ohio.

H. H. KNIES, vice president and cashier, Hamilton National Bank of Knoxville, Tenn.

M. F. MILLER, division credit manager, Foremost-Golden State Co., Los Angeles, Calif.

C. H. CUNY, credit manager, United Air Lines, Inc., Chicago.

A. REESE, district credit manager, W. P. Fuller & Co., Los Angeles.

LESTER E. JONES, secretary and treasurer, Hausman Steel Co., Toledo.

Four runners-up, who came within five-tenths point of the Index, either direction:

ARTHUR A. SMITH, vice president, First National Bank, Dallas.

JAMES F. WELSH, vice president and secretary, McCormick & Co., Baltimore.

I. L. HILLMAN, assistant treasurer, Dravo Corp., Pittsburgh.

R. M. DEGILO, credit manager, Syracuse Supply Co., Syracuse, N.Y., past president Syracuse Association of Credit Men.

Some Are Consistent Winners

It is interesting to note that several who contribute forecasts year after year in the CFM survey have appeared more than once as winners or runners-up, or even out front in both Indexes. J. PRESTON MILLER, assistant treasurer, Dexter Industries, Inc., Grand Rapids, Mich., past president NACM Western Michigan, a runner-up on the Wholesale Price Index figure in 1956, hit the button on the IPI this year.

JAMES F. WELSH, vice president and secretary, McCormick & Company, Baltimore, Md., past National director, runner-up on the Industrial Production this year (he's within five-tenths point), was a winner in that category last year.

I. L. HILLMAN, assistant treasurer, Dravo Corporation, Pittsburgh, has scored within five-tenths point in the IPI category and within two-tenths point in the Wholesale Price category, this year!

One company, General Electric Supply Company, contributed a winner and a runner-up in the WPI category. Joe Hasse, operating manager, San Antonio, was the winner, and Guy C. Harris, district credit manager at New Orleans, was the runner-up.

J. C. Hajduk Member of U. S. Trade Team, Poznan

Appointed by Secretary of Commerce Sinclair Weeks as member of the U.S. trade mission to the 26th industrial fair in Poznan, Poland, June 9-23, was John C. Hajduk, president of the Delft Company, Chicago, importers and exporters of industrial equipment and chemicals. He also is proprietor of Hamil Oil Company and secretary, Intercontinental Technical Enterprises, Inc., engineering company. He was credit manager of Victor Chemical Works from 1937 to 1952.



J. C. HAJDUK

Marriage of Sales and Credit Called Business Essential

"The success of the business family today depends upon the marriage between salesmen and creditmen. As a necessary foundation, top-level management within each company must outline definite policies of interdepartmental communication and information between sales and credit." Ralph T. Soulbey, eastern district sales manager, Eberhard Faber Pencil Company, Wilkes-Barre, Pa., thus advised the Stationers' Credit Conference, in Boston.

INDEX FIGURES LAST FIVE YEARS

| | WHOLESALE PRICE INDEX (Bur. of Labor, Dept. of Commerce, avg. 1947-49 is 100) | INDUSTRIAL PRODUCTION ADJUSTED COMBINED INDEX (Fed. Res. Bank 1947-49 avg. is 100) |
|------|--|---|
| 1953 | 109.5 | 136 |
| 1954 | 110.0 | 124 |
| 1955 | 110.3 | 139 |
| 1956 | 114.2 | 141 |
| 1957 | 117.4 | 143* |

(*Preliminary figure)

FIXED ASSETS

(Concluded from page 30)

tion of the value of mineral or proven oil property as a fixed asset and thereby a source of credit for loans, but term loans have been made based on coal, clay, mineral deposits or proven oil reserves, and it is possible that such loans were used to replenish working capital.

In summation, if a company needs additional working capital it should study the status and value of its fixed assets and see if it cannot qualify for term financing under one of the methods just discussed. I undoubtedly have omitted several specialized or unusual types of fixed assets which could be used the same as the well-known ones.

Preserve Independence of Federal Reserve: Allen

Defining the "independence" of the Federal Reserve System as being "independent within government" but not "independent of government," Carl E. Allen, president of the Federal Reserve Bank of Chicago, points out the wisdom of those who first wrote and those who have since improved the Federal Reserve Act. "They recognized the necessity, in the interests of the nation as a whole, of divorcing monetary and credit management from pressure groups and partisan political considerations." This independence makes the system unique among the central banks of the world, "in most of which the monetary authority is either a part of, or closely influenced by, the executive branch of government."

Mr. Allen, in an address to the Indiana Bankers Association, in French Lick, urged the bankers "be alert to combat proposals which would compromise or destroy the independence of the Federal Reserve."

Inventory Slowdown Offset By Increases in Spending

A rise in spending by Government, consumers and business has more than offset the slowdown in inventory investment, thus keeping the country "on an even keel," says the Federal Reserve Bank of Chicago. The volume of final buying, that is, total purchases of goods and services less additions to inventories, has shown steady increase since 1955.



Legal Rulings and Opinions

Vendors' Liability in Sales of Vaccines, Medicines, Feeds for Animals, Poultry

By CARL B. EVERBERG
Head of Boston University Law Department

THE modern preparations for animals and poultry, including feeds, medicines and vaccines for inoculation, have helped to develop a body of law, not too expansive for the present but showing certain trends in a somewhat new direction.

Most states permit suits for breach of implied warranty of fitness where animals and poultry suffer illness or die because of defects, deleterious substances, in the products. Some states hold that such suits are applicable only to foods and the like consumed by human beings who are affected. But such states recognize a right of action based on negligence.

Breach of Warranty

A warranty is a contract subsidiary to a contract of sale, guaranteeing that the goods sold shall conform to a certain standard. The law imposes "implied" warranties, even where there are no express warranties. Such a suit must be brought by the injured person against the seller. A buyer, with some exceptions, cannot, for example, recover from the manufacturer of a product unless the product was bought directly from the manufacturer. This is because "privity of contract" must exist before there is a warranty. The seller has a serious responsibility, therefore, even though he knows nothing of the defect, concealed as it is, in packages, cartons, bottles.

On the other hand, the dealer is protected in that he can recover from the wholesaler (if there be one who sold to him), and the wholesaler, in turn, may recover from the manufacturer.

Liability for negligence pursues an entirely different principle. Here the liability follows some act, or failure to act, which is a departure from the normal act of an ordinarily prudent person. It is, in effect, a breach of a

non-contractual duty to exercise due care toward others. In most states, privity of contract is not a condition for recovery, and therefore a claimant may recover from the manufacturer though he may not have purchased from the manufacturer. Technically, the claimant must be able to prove what the negligence consisted of, and cannot conjecture on it.

The law formerly was applied so strictly that claimants seldom prevailed in negligence suits since it is almost impossible to prove where and how the negligence occurred. The courts were, in the past, reluctant to allow recovery merely on the grounds that following the feeding on spe-

There is nothing more useless than a train of thought which carries no freight.

—Billy Van Vam

cially prepared mash a large number of poultry died, or that hogs died after being inoculated with hog cholera serum, or that sheep, in good health, died after having administered to them a worm medicine.

Evolution of Judicial Attitude

The more recent cases show an unmistakable trend to relax the strict rule that negligence must be specifically proved and that conclusions must not be reached by mere conjecture. While the courts have not given any weight to the principle of conjecture, at least in their expressions, one can observe the more liberal position, the one more favorable to the plaintiffs. In *Haberer v. Moorman Mfg. Co.*, 341 Ill. App. 521, negligence and proximate cause were established by evidence of a circum-

stantial nature. Where sheep became ill after being given worm medicine, the court felt medical testimony was not so important where it was clearly apparent from the illness itself, and the circumstances attending it, that there was a causal connection between the administration of the medicine and the illness.

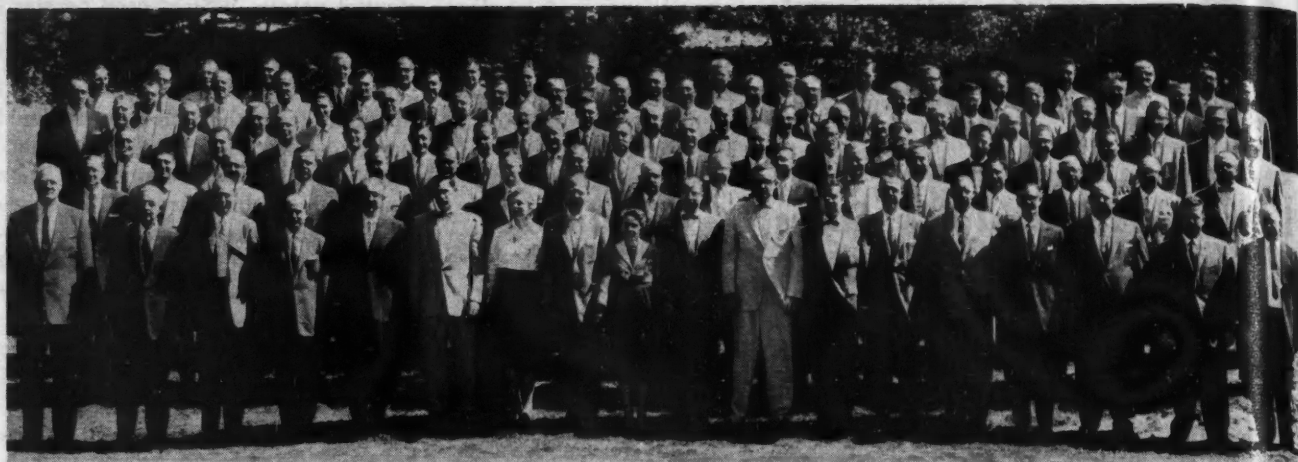
In *American Cyanamid Co. v. Fields*, 204 F 2nd 151, the court wanted to show its effort to stand on the principle that a finding of negligence could not be predicated on speculation; yet it sustained the jury's finding of negligence where the evidence consisted of testimony that the plaintiff mixed powder manufactured by defendant with mash sold by a wholly different company, and the chickens feeding on the mixture became ill and died whereas the other chickens, feeding on mash without the powder, did not become ill. Defendant went so far as to show that the powder was recognized for the treatment of worms; that it had manufactured and marketed enough powder to treat 180,000,000 chickens up to the time of trial, and that no injuries or illness traceable to its product had ever been reported. Experts also testified that the poisoning of the chickens would have caused different conditions in the internal organs than those which appeared from autopsy and medical examination.

Both of these cases are somewhat recent. Others handed down in certain other parts of the country show the same trend.

Thus the inaccessibility to the operations in the control of the manufacturer for evidence does not loom up as the serious obstacle it once did. The courts are undoubtedly lessening the burden on claimants in the matter of proof of negligence.

Beneficial Interest

Certificates of beneficial interest which were payable in part out of future earnings of the bank were found valid by the supreme court of Illinois, reversing a lower court's decision, in a bank reorganization case. Said the higher court: "It is not unreasonable to give the certificate holders whose waivers enabled the bank to resume operations. . . some assurances that they will receive payment when there are profits." (*Smyth v. State Bank*, 136 N.E. 2d 796).



Student Body and Faculty Members of CFM's Graduate School at Stanford

26 Receive Executive Awards at Stanford "U"

TWENTY-SIX financial managers, now holders of the Executive Award, have returned to their company desks on completion of the three-year course given by the Graduate School of Credit and Financial Management at the Graduate School of Business, Stanford University, Palo Alto, Calif.

The graduates, from all parts of the nation, represented many different lines of business and industry.

This was the sixth year at Stanford of the school which is conducted as summer sessions by the Credit Research Foundation of the National Association of Credit Men. The duplicate session conducted at Dartmouth College, Hanover, N. H., opened August 4th.

Commencement Address by Trickett

The commencement address at Stanford was given by Joseph M. Trickett, coordinator of organization and management development, Food Machinery and Chemical Corporation, San Jose, Calif. The Executive Awards were presented by William J. Dickson, executive director of the school.

This year's Stanford session included 96 students and 12 faculty members.

Ernest P. Cipriano, credit manager, Western Lock Manufacturing Co., Los Angeles, received the Alumni Association Honor Merit Award as the senior who had made the most outstanding contribution to leadership in the class and to the school.

Albert J. Mitchell, credit manager, Serv-U Meat Co., Seattle, won the Paul G. Hoffman Award as the graduate who had done the best work and had shown "marked personal and professional improvement" for all three sessions.

William L. Chilson, southern district credit manager, Kaiser Steel Corp., Los Angeles, received the American Petroleum Credit Association Award for the best management study report on the basis of value to credit and financial executives and originality of material. Mr. Chilson's topic was "Marketing and Financial Aspects of Wholesale Plumbing Jobbers in Southern California."

The Graduates

Following is a list of graduates and their companies:

CALIFORNIA

Los Angeles—WILLIAM L. CHILSON, southern district credit mgr., Kaiser Steel Corp.; ERNEST CIPRIANO, credit mgr., Western Lock Manufacturing Co.; EDMOND G. DUCOMMUN, special project mgr., Ducommun Metals & Supply Co.; ELLSWORTH L. ELLIS, asst. district credit mgr., Columbia-Geneva Steel Div., U. S. Steel Corp.; A. E. HOWARD, asst. credit mgr., Consolidated Western Steel Div., U. S. Steel Corp.; GAIL F. KNIGHT, credit mgr., Branswig Drug Co.; CORNELIUS J. NICHOLAS, JR., asst. cashier, Bank of America NT&SA.

Sacramento—ROBERT L. KETCHAM, asst. vice pres., Bank of America NT&SA.

San Francisco—A. P. CELIA, asst. cashier, Bank of America NT&SA.; ROSS M. SMITH, district credit mgr., Columbia-Geneva Steel Div., U. S. Steel Corp.; JOHN H. WILSON, credit officer, Bank of America NT&SA.

Santa Rosa—JAMES B. KEEGAN, asst. vice pres. & manager, American Trust Co.

ILLINOIS

Chicago—THOMAS J. O'KEEFE, asst. credit mgr., Johnson & Johnson; HOWARD C. PRINCE, treas., First Federal Savings & Loan Assn. of Chicago.

IOWA

Des Moines—NANCY E. GOULD, credit mgr., Western Tool & Stamping Co.

KENTUCKY

Louisville—C. M. COOK, credit mgr., Brown-Forman Distillers Corp.

MICHIGAN

Detroit—EDWARD P. BENDER, mgr., Merchant's Bank of Detroit, Pacific Finance Corp.

OREGON

Portland—WARREN B. VAN VLEAR, credit mgr., Zellerbach Paper Co.

PENNSYLVANIA

New Holland—ROBERT F. TRAINOR, field credit mgr., New Holland Machine Co.

TEXAS

Dallas—EDWARD D. SPENCE, asst. credit mgr., John Deere Plow Co.

WASHINGTON

Seattle—WILLIAM A. DUNKS, credit mgr., Fisher Flouring Mills Co.; WARREN G. FRANCIS, division credit mgr., The Carter Oil Co.; ALBERT J. MITCHELL, credit mgr., Serv-U Meat Co.; W. W. WORKMAN, credit mgr., Union Oil Co. of California. **Spokane**—BURTON H. YOUNG, branch mgr., Pacific Finance Corp.

WISCONSIN

Thorp—MARK J. HIRSCH, treas., Thorp Finance Corp.

Scoreboard

THE COLLECTION BUREAUS OF THE N.A.C.M. get superior results. That's why these four executives prefer them.

Investigate for yourself and discover, moreover, additional reasons for entrusting your collections to the Credit Association's *Collection Bureaus*; as, e.g.

NO CONTRACT REQUIRED

NO COLLECTION, NO CHARGE

THOROUGHLY EXPERIENCED,
QUALIFIED PERSONNEL

NATIONAL IN COVERAGE;
LOCAL IN OPERATION

FILES ON YOUR ACCOUNTS OPEN
FOR YOUR INSPECTION

COLLECTIONS SAFEGUARDED IN
SPECIAL TRUST ACCOUNTS

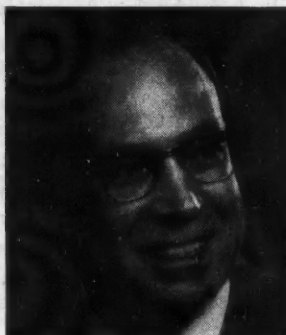
EVERY EMPLOYEE BONDED

THE N.A.C.M. IS FINANCIALLY RESPONSIBLE



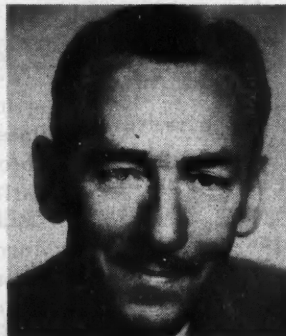
"Every account that we have turned over to the Credit Men's Association has been collected in full. I am amazed, to say the least. We cannot compliment your service too highly."

J. S. Howard, Treasurer
Johnson Steel & Wire Company, Inc.
Worcester, Mass.



"The National Association of Credit Men deserves a pat on the back for skillful handling of our difficult collections."

F. C. Livermore, Treasurer
Kaufman Knitting Company
Minneapolis, Minn.



"We had given up all hopes of collecting this delinquent balance — obviously THE CREDIT ASSOCIATION never gives up. Thanks for this unexpected payment."

G. A. Wollner, Credit Manager
Gilmore Steel & Supply Co.
Portland, Oregon

SURE RESULTS

Like your bank, your Collection Agency handles your money. Select one that is equally reliable.



"In the past 18 months, we have placed 47 accounts with THE (N.A.C.M.) CREDIT ASSOCIATION, averaging \$400. To date 84% have been collected and reports indicate most of the balance will be paid. The collection costs have been surprisingly reasonable."

H. C. Ricks, Credit Manager
Topcraft Company
Division of Oxford Mfg. Co., Inc.
Atlanta, Georgia

Use Collection Bureaus Approved by the
National Association of Credit Men

229 Fourth Avenue
New York 3, N. Y.

33 South Clark Street
Chicago 3, Illinois



MELROSE

FROM P.10

are responsible for abnormal periodic movement of any item.

We also use this equipment for other analytical work not directly connected with accounting. An example is sales analysis by item for each member store, which is another warehouse aid to the retailer to assist him in programming his advertising, merchandising and general sales to better advantage, as well as maintaining balanced inventory levels.

The tabulating department is actually the nerve center around which the entire operation is built, from buying on through warehousing and delivery of merchandise, which averages 18,000 cases or units per day.

HERTEL

BEGUN ON P. 8

Approximately 50% of our 20,000 accounts fall in the marginal risk category, because they are either not rated, not listed, or are rated third or fourth grade. Statistics issued by Dun & Bradstreet and the Jewelers Board of Trade show that the mortality rate of jewelers is lower than that of the average retailer. Our problem is not bad debt losses but faster turnover of receivables.

Under the previous system, postings of invoices and remittances to our customer ledgers were constantly delayed, even up to two weeks.

These delays irritated our customers, and ourselves. We were sending letters for payments of balances which were already in the office but tied up in bundles in the bookkeeping department. The deplorable part was that our competitors had first call on the jeweler's dollar because their statements were being received ahead of ours.

The conversion to the punched card system went into effect in 1955. Our customers were notified in advance and an explanatory notice was enclosed with the first two monthly statements. We encountered the usual amount of trouble, most of it caused by clerical errors—customers' code number errors predominated—but this problem has just about been licked.

We had to convince our controller of the absolute necessity for ledger cards in the credit department. Such cards are housed in a movable tray at each desk, making it easy for the credit man to refer to each account in almost a flash. Two transfer posting machines operate in our department to post invoices and cash payments daily from transfer tapes received from our IBM tabulating department. The girls average between 300 and 350 postings per hour.

The advantages far outweigh the disadvantages. Following are advantages we have experienced:

1. More efficient and economical overall operation.
2. Reduction in personnel up to 30% in both bookkeeping and credit departments.
3. Faster and more efficient collections. In addition, a No. 1 collection letter is rolled off automatically by our tab department.
4. Detailed individual aging and trial balancing of all accounts monthly. (Previously, manual aging in the credit department alone cost 150 manhours per month.)
5. Under the older system, the customer received a balance forward statement. Now he receives an open in-

Research means that you don't know, but are willing to find out.

—Charles Kettering

voice statement, mailed 48 hours after the closing date and listing every debit and credit until paid.

6. These electronic machines have an almost inexhaustible capacity and can be operated at top efficiency 24 hours daily around the clock.

We have met with these disadvantages under the new system:

1. Machine errors and machine-down time, resulting from faulty operations such as dirty brushes and voltage droppage.
2. Inability to break down monthly aging of accounts by salesman territory. It is now broken down by state only. This must be done manually where several salesmen cover the larger states.
3. Listing by code number instead of name. A number like 30 - 6640 - 42 can easily be transposed to 30 - 6460 - 42.

Ledger Card for Each Customer

For any contemplating changeover to the punched card system we recommend that, if the company has multiple lines of credit, a ledger card for each customer seems absolutely essential. Prior to actual conversion, all departments involved should be given a clearcut understanding of their individual functions in order to coordinate their combined efforts for the customer. Results of such discussions should be set down on paper.

Looking back, we feel that too much emphasis was placed on the mechanical functions, too little on the effect the system would have on our customer relations. Too, we should have received more preliminary help from the equipment manufacturer in programming and scheduling.

Cross-Over Studies

Personnel in our tab department now realize the customer is theirs as well as ours. In this connection, there should be cross-over studies between credit and tab departments.

We speeded up the daily processing of cash remittances by the post office box system of receiving checks. This zone plan systematizes and channels payments by customer to a post office box in New York, Chicago or Los Angeles. Colored envelopes and statement stubs identify the proper post office box and tie-in payments to our deposits. Our banking source at each city picks up the mail hourly. The average saving in float on these collections approximates \$75,000.

We are now considering extension of the punched card system to (a) notes; (b) more detailed credit and collection statistics, and (c) wide use of automated collection follow-up.

There is nothing wrong with the younger generation that the older generation did not outgrow.

—N. A. Rombe

Important!—

When 45 State Legislatures meet in one year, watch out for New Laws affecting business.

When production facilities increase, it means greater competition.

When competition is keen and money is 'tight', it means more credit.

When more credit is demanded, there is greater need for alertness.

The 1958 edition of

CREDIT MANUAL of Commercial Laws

is specially written for credit executives. It takes their legal problems one by one and gives the solutions, clearly, concisely and in layman language—your everyday language.

The "Credit Manual of Commercial Laws" is the only book which deals exclusively with the credit side of the law. Every detail of the laws of sales is included: the law of contracts, secured transaction, bankruptcy, negotiable instruments and many others. Nothing is omitted that concerns credit sales.

Special Pre-Publication Offer

The special pre-publication price to members of the National Association of Credit Men is \$9.60—a savings of \$2.40. (Regular price \$12.00.) Only a limited number of copies will be printed, so *send in your reservation order today and take advantage of this special offer.*

National Association of Credit Men

Publications Department

229 Fourth Avenue, New York 3, N. Y.

Every Class Since '47 Represented at First Alumni Conference, Dartmouth

Each class of the Graduate School of Credit and Financial Management, from its inception at the University of Wisconsin in 1947, was represented at the first Graduate School Alumni Conference at Dartmouth College, Hanover, N.H. The four-day conference preceded the opening of the 1957 session of the Graduate School, conducted by Credit Research Foundation, National Association of Credit Men.

Opening with a dinner and general meeting and closing with a breakfast conference, day and night discussion periods filled the intervening two days. The central theme: "Growing with America—in finance, business credit management, management policies and philosophies, and individual requirements for success."

NACM president J. Allen Walker, general credit manager, Standard Oil Company of California, was one of the seven discussion leaders.

Starting the first forenoon session, August 1st, Dr. Arthur E. Upgren, dean and director of research, Amos Tuck School, directed a discussion of "Current Economic Conditions and the Immediate Outlook." (Dr. Upgren this month becomes Frederic R. Bigelow professor of economics and director of the bureau of economic studies, Macalester College, St. Paul, Minn.—Ed.)

Roundtable on Years Ahead

After a coffee break Paul T. Davis, Institute of Trend Research, Hopkinton, N.H., headed a roundtable on "The Years Ahead: Vital Challenge to Management."

The first discussion of the afternoon session, on "New Requirements in Finance," was conducted by Dr. John A. Griswold, professor of finance, Tuck School.

Mr. Walker's subject was "Thinking Ahead in Business Credit Management."

Small Group Discussions

After dinner, group sessions informally exchanged views on "How Discussions of Today Can Be of Specific Help to Us in Our Jobs."

Friday forenoon brought discussions of "The Impact of Change on

the Company," led by Dr. Wayne G. Broehl, Jr., professor of business administration, and "Implications for the Individual," under Robert K. Greenleaf, director of personnel research, American Telephone and Telegraph Company, New York. The afternoon was given to small group discussion, with these leaders: Messrs. Walker, Broehl, Jr., Greenleaf, and Arthur J. Shedlin, director, Arthur Shedlin Associates, who made the general summarization at the final night session.

Directing the conference was William J. Dickson, NACM education director.

The Registrants

The following alumni had registered for the conference:

E. A. ARGUS, vice pres. and secy., The Julian & Kokenge Co., Columbus; N. J. BLANDEN, special asst., Owens-Illinois Glass Co., Toledo; C. A. BRANDT, credit mgr., Du Pont Co. Canada, Ltd., Toronto; H. C. COGAN, treas., The Parker Appliance Co., Cleveland; FRANCIS CONWAY, pres., Thorp Finance Corp., Thorp, Wis.; JUNE L. CROWELL, vice pres. and treas., R. E. Uptegraff Mfg. Co., Scottsdale, Pa.;

J. A. FLUGA, mgr. of acct'g., V-M Corp., Benton Harbor, Mich.; HELEN R. FRANKLE, asst. treas., Island Equipment Co., Inc., Long Island City; J. B. FUNK, asst. vice pres., Textile Banking Co., Inc., New York; F. E. HOLLEY, sec'y. and controller, Genesee Valley Union Trust Co., Rochester; L. T. KENDRICK, div. credit mgr., Gulf Oil Corp., Atlanta;

E. J. LEHAN, vice pres., First National Bank of Manchester, Manchester, Conn.; W. C. LINK, asst. treas., Westfield Mfg. Co., Westfield, Mass.; H. C. MALLETT, collection and asst. office mgr., Federal Glass Co., Columbus; H. W. MEIDER, asst. sec'y., Dravo Corp., Pittsburgh; W. J. MURRAY, staff training officer, Bank of America NT&SA, San Francisco; J. S. NEFF, asst. gen. mgr., Gulf Oil Corp., Pittsburgh; M. M. NIELD, credit mgr., Marathon Corp., Menasha, Wis.; DENIS O'BRIEN, asst. treas., Dewey & Almy Chemical Co., Cambridge, Mass.;

A. M. RAUB, regional reporting mgr., Dun & Bradstreet, Inc., New York; MELVIN RUBENSTEIN, controller, Max Mandel Laces, Inc., New York; EMMA L. ST. JOHN, office and credit mgr., Charles Millar & Son Co., St. Johnsbury, Vt.; JAMES W. SCHALLES, asst. credit mgr., United States Steel Corp., Pittsburgh; W. W. THOMAS, sec'y. and gen. credit mgr., Campus Sweater & Sportswear Co., Cleveland; G. R. WILSON, mgr. of credits, Jones & Laughlin Steel Corp., Pittsburgh.

Deaths

Wilbur E. Mallalieu Headed Fire Underwriters 40 Years

Wilbur E. Mallalieu, whose death in Jersey City followed by seven years his retirement as general manager of the National Board of Fire Underwriters, had been associated with the Board for more than 50 years, 40 of them as its chief executive officer.

In his tenure the Board became a leading national public service organization, with improvement of fire protection its continuing goal. The membership now includes 220 fire insurance companies and the board's personnel roster totals 400, in New York, Chicago and San Francisco.

Mr. Mallalieu, as a "dollar-a-year man" in both World Wars, directed fire protection of military and other government establishments. He was a past president (1921 and 1922) of The National Fire Protection Association and an honorary member of the International Association of Fire Chiefs.

O. James Gillick

Past president and director of the National Association of Credit Men Tri-State Area, Inc., O. James Gillick, 50, died in Grand Rapids, Mich., to which he had been transferred as branch credit manager two years ago, from Evansville, Ind., by Standard Oil Company, which he had served 32 years.

E. Robert Heitzman

E. Robert Heitzman, vice president, Marine Midland Trust Company of Central New York, Syracuse, N.Y., died at 59 after a long illness. He had been active in the Syracuse Association of Credit Men. Mr. Heitzman had begun with the Syracuse Trust Company in 1919.

John F. McFadden

The account in the August issue of the death of John F. McFadden, president of American Credit Indemnity Company of New York from 1922 until his retirement in 1951, should have stated that the company was acquired by Commercial Credit Company in his tenure of the presidency.

Just Issued

"Account Review" Form

ACCOUNT REVIEW

To: _____

NAME OF FIRM
Reporting Statement

The following information is submitted for your consideration as a basis for the extension of Credit to us:

The name of our business is _____

We operate _____ business. We have been established _____ years.

(State type and nature of business)

Ours is: Corporation ☐ Co-Partnership ☐ Limited Partnership ☐ Individual Business ☐

We are incorporated under the state laws of _____

The principal owners or stockholders and officers are, etc., etc.

| NAME | ADDRESS | CITY |
|------|---------|------|
| | | |
| | | |
| | | |

We bank at _____

Account carried under _____

Our tax returns have been cleared with the taxing authorities through 19 _____

We expect our monthly credit requirements from you to be about \$ _____

DESCRIPTION OF INSURANCE PROTECTION CARRIED

| Kind | Amount | Kind | Amount |
|-------------------------|--------|--|--------|
| Fire Insurance on: | | Employee Fidelity Bonds | |
| Merchandise | | Burglary Insurance | |
| Buildings | | Forgery | |
| Furniture & Fixtures | | Life Insurance for benefit of business | |
| Business Interruption | | Accounts Receivable | |
| Liability Insurance on: | | Miscellaneous: | |
| Premises | | | |
| Autos | | | |
| Products | | | |
| Contractual | | | |

YOU MAY REFER TO OUR PRINCIPAL SOURCES OF SUPPLY LISTED BELOW

| Name | Address | City | State |
|------|---------|------|-------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Form No. 3C

(This Form Approved)



Date _____, 19 _____

The following figures set forth present our financial standing and business operation upon which you may rely for the purpose of establishing our credit:

CURRENT ASSETS:

Cash on hand and in banks \$ _____
Due from customers _____
Cost value of merchandise on hand _____
Other current assets _____

CURRENT LIABILITIES:

Bank loans payable within a year _____
Tax obligations due _____
Due to merchandise creditors _____
Other debts due within a year _____

FIXED ASSETS:

Business equipment _____
Land used in business _____
Buildings used in business _____
Other fixed assets _____

INDEBTEDNESS NOT DUE WITHIN A YEAR:

Chattel Mortgages due on merchandise _____
Chattel mortgages due on other assets _____
Real Estate Mortgages _____
Other long term debt _____

NET WORTH \$ _____

Monthly Sales Volume _____
% of Sales made on credit _____
% of Sales at retail _____
% of Sales at wholesale _____
% of Sales on time-payment plan _____
Peak season of year _____
Date of last physical inventory _____
Profit shown latest U. S. Income Tax Return _____

Our firm is financially able to meet any commitments we have made and we expect to pay your invoices according to your terms.

Name of Firm or Corporation _____

Street _____ City _____ State _____

Signed by _____

Title _____

(OVER)

This new Form has been re-designed by the National Publications Sales Committee. It is now applicable for both new accounts and small accounts already established.

It is simplified in design and carries the seal and approval of the National Association of Credit Men.

Included in this new Form is a section for "Description of Insurance Protection Carried."

A Financial Statement Form for every type of business is offered by the National Association of Credit Men

Write for Free Sample Book showing the new and revised Statement Forms available

PUBLICATIONS DEPARTMENT

National Association of Credit Men

229 Fourth Avenue

New York 3, N. Y.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

CHICAGO, ILLINOIS

September 19-20

Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

LINCOLN, NEBRASKA

September 25-27

Annual Tri-State Credit Conference, including Iowa, Nebraska and South Dakota

GRAND FORKS, NORTH DAKOTA

September 27-28

North Central Credit Conference, including North Dakota, Minnesota and Winnipeg

HARRIMAN, NEW YORK

September 30—October 2

Credit Management Workshop

WASHINGTON, D.C.

October 6-9

43d Annual Fall Conference of Robert Morris Associates

STE-ADELE-EN-HAUTE, QUEBEC

October 6-8

Credit Management Workshop

SAN FRANCISCO, CALIFORNIA

October 13-16

Annual Conference of American Petroleum Credit Association.

SPRINGFIELD, MASSACHUSETTS

October 16-17

New England District Credit Conference, covering Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

BUFFALO, NEW YORK

October 17-19

Tri-State Credit Conference, including New York, New Jersey and Eastern Pennsylvania

OMAHA, NEBRASKA

October 18-20

Annual Midwest Credit Women's Conference

CHATTANOOGA, TENNESSEE

October 19-22

Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana

LOUISVILLE, KENTUCKY

October 24-25

Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan

SAN DIEGO, CALIFORNIA

October 24-26

Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

KANSAS CITY, MISSOURI

November 13-15

Quad-State Annual Credit Conference, including Kansas, Missouri, Southern and Western Illinois.

OKLAHOMA CITY, OKLAHOMA

November 18-20

Annual Southwest Credit Conference,

PERSONNEL MART

Available

Credit Manager of AAA1 Manufacturer and Distributor for 7 years. B.B.A. (Acctg.), 31 years old, strong in accounting, inventory control, systems and purchasing. Prefer Albany, N.Y. vicinity. CFM Box #450.

Willing to Relocate

LOOKING FOR A CREDIT OR JR. FINANCIAL EXECUTIVE? Experienced AAA-1 Credit Executive with BBA seeks challenging opportunity with future. Willing to travel and relocate. CMF Box #451.

including Oklahoma, Texas, Arizona, Arkansas, Louisiana and New Mexico

VANCOUVER, BRITISH COLUMBIA

March 13-14, 1958

Annual Pacific Northwest Conference of Credit Executives

DETROIT, MICHIGAN

May 15-16-17, 1958

Annual Meeting of the NACM Affiliate Local Association Secretary-Managers

DETROIT, MICHIGAN

May 18-22, 1958

62nd Annual NACM Credit Congress and Convention

Zander and Herbst Honored For Fraud Prevention Work

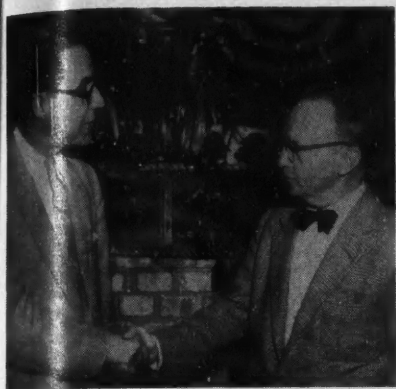
Certificates of Merit for service in the prevention of commercial fraud have been presented by the National Association of Credit Men to Frederick W. Zander, assistant treasurer, United States Plywood Corporation, New York, and Frank G. Herbst, president, Herbst Shoe Manufacturing Company, Milwaukee.

The presentation to Mr. Zander, 1950-57 chairman of the National Fraud Prevention Committee, was made by the new national chairman, William R. Dunn, general credit manager, General Foods Corporation, White Plains, N.Y., at the annual luncheon meeting, at Miami Beach.

Mr. Herbst received the award as chairman of the Fraud Prevention Committee of the Milwaukee Association of Credit Men at the association's annual dinner meeting and election session, with presentation by Frederick H. Schrop, New York, of National's Fraud Prevention Department, John C. Fredell director.

Safe Survives Nuclear Blast

A nuclear explosion in Nevada caused "no apparent overall distortion or displacement" to a Mosler bank vault, which survived "in satisfactory condition," the Atomic Energy Commission announced following a test in the government program of research on protection of vital records and valuables.



JOSE MOLA MORILLA (left), enthusiastic president of Cuba's thriving credit association (*Asociacion de Profesionales de Cuba*), greets **Philip J. Gray**, NACMP's secretary and foreign department director, on the latter's arrival in Havana on his tour of Latin-America.

Gray's Latin-America Visit Wins Interest in Formation of Local Credit Associations

Results exceeding expectations are cited by Philip J. Gray, secretary, National Association of Credit Men, and director of its foreign department, following a five-week tour of a dozen Latin-American countries to arouse interest toward organization of local credit associations.

Henry H. Heimann, executive vice president, says of Mr. Gray's report, "The groundwork has been well laid for developing an interest not only in credit management but in the formation of credit associations."

Mr. Gray summarizes: "Our contacts in every country visited resulted in the promotion of groups, or selection of individuals, who are definitely sold on both the necessity for and the advantages of a local credit organization and who just as definitely promised that they would take action in the near future to bring such an organization into being."

Baker Sees Scramble Ahead For Scarce Educated Managers

A supply of "educated managers" will be business' greatest need in the next few decades, according to chairman Melvin H. Baker of National Gypsum Company, vice president of the United States Chamber of Commerce. "Although in 1956 there will be 28 million more Americans than there were in 1955, there will be 136 thousand fewer persons between the ages of 25 and 45," the Buffalo, N.Y., industrialist notes.

PLAN NOW

—to expand your personal program of self-development.

Register yourself and/or others in your organization for either residence or correspondence courses in the

NATIONAL INSTITUTE OF CREDIT

Your Local Association has complete details on NIC programs in your area.

Register immediately for the 1958 sessions of the

GRADUATE SCHOOL OF CREDIT AND FINANCIAL MANAGEMENT

One of the finest executive development programs in the nation. Complete course: Two weeks per summer for three summers.

During the coming year participate actively in the

CREDIT MANAGEMENT WORKSHOPS

High level, three-day conferences for credit and financial executives.

FOR FULL DETAILS ON ALL THESE ACTIVITIES CONTACT YOUR LOCAL ASSOCIATION or write:

Credit Research Foundation
National Association of Credit Men
229 Fourth Avenue
New York 3, New York



J. W. ALLEN



F. S. EATON

Executives in the News



J. C. OGDEN



A. H. BENSON

Bank-Trained Indiana Manager Holds Varied Directorships

A man of wide interests is the new president of the Fort Wayne (Ind.) Association of Credit Men, James W. Allen. With Wayne Hardware Company, Inc., since 1933, and its credit manager; director in Great American Life Insurance Company, Indianapolis; vice president, Investment Associates; assistant treasurer, Century Investment Company, Mr. Allen also is president of the Indiana Theosophical Association.

Mr. Allen studied with the American Institute of Banking and his first employment was with Fort Wayne National Bank. He attended NACM Graduate School of Credit and Financial Management, Dartmouth.

Mountain Trails, Overseas Trade Interest Bay Stater

Born in the Bay State 39 years ago, Frank S. Eaton remains loyal. Except for four years in Signal Intelligence, he has studied, worked and lived in Massachusetts. Assistant credit manager of Norton Company and Norton Behr-Manning Overseas, Inc., Worcester, Mass., Mr. Eaton has been named president of the Worcester County Association of Credit Men.

Mr. Eaton is an alumnus of Bentley School of Accounting and Finance, Boston (1939), Worcester

Junior College (1950), Graduate School of Credit and Financial Management, NACM at Dartmouth College (1955).

Dallas President Manages Texas-Missouri Districts

"Working for eats" paid off in the depressed '30s for Jack C. Ogden, who then was working and eating his way through college with a hamburger hut job. He next went with Commerce Trust Company, Kansas City, in his native Missouri, for three years before joining Aluminum Company of America in 1941.

With Alcoa, Mr. Ogden began in the Kansas City office as assistant to the office manager, advancing to district office supervisor and credit representative. In April 1948 he was transferred to Dallas in the same capacity. Now district credit manager for both Dallas and Kansas City district sales territories, Mr. Ogden has been elected president of Dallas Wholesale Credit Managers Association.

Ohio Insurance Specialist Sponsored Industry Text

If not a "power driver" in his favorite sport of golf, there's definite power in the hard work and drive that have placed A. H. Benson, of The Lumbermen's Mutual Insurance Company, Mansfield, Ohio, in these posts: president of Insurance Accounting & Statistical Association, president PTA groups, treasurer Fish & Game Association, and now election as president of NACM North Central Ohio Division, Mansfield. In the Cleveland Association of Credit Men he has served as member of the Insurance Advisory Committee several years. He has been contributor to "The Office" magazine.

In the IASA Mr. Benson was

chairman of the textbook committee which published the widely accepted text "Insurance Accounting, Fire and Casualty" (reviewed in CFM December '55). Mr. Benson began with Lumbermen's Mutual in 1933; now is auditor, in charge of credits.

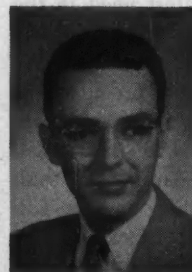
Retail "Hit" Preceded Wholesale Role for Iowan

Upon return from South Pacific military service in 1946, Grant E. Hook began as a collection clerk for D-X Sunray Oil Company (then Mid-Continent Petroleum Corporation), Waterloo, Iowa. He advanced to assistant division credit manager in charge of retail accounts before appointment in 1951 to a similar post in the wholesale operations. He became division credit manager in 1954.

Mr. Hook recently was named president of the Waterloo Association of Credit Men.

Emphasizes Office Management, Business, Community Service

T. Edward Meek, office manager of the J. Allen Smith Company, Knoxville, newly elected president of the Knoxville Wholesale Credit Association, also is active in the Knoxville Office Management Association and a member of its board. In 1950 he was voted the distinguished service award of the Junior Chamber of Commerce.



G. E. HOOK



T. E. MEEK

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